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THE MOVEMENT OF REAL WAGES, 1890-1918

No economic question has been more widely discussed of late than that of the effect of the great war upon real wages. Were they higher at its conclusion than at its beginning? What was their progress during its course? How do all these rates compare with earlier wage levels? This study aims to throw light upon the problem by continuing, for the years 1912-1918, an investigation made by Dr. I. M. Rubinow for the period 1890-1912.¹ Since what we are interested in is real wages, we are, of course, equally concerned with the relationship between money wages and prices.

It will be remembered that Dr. Rubinow's computations showed a decline in the purchasing power of hourly wages in terms of food, from the 1890-1899 average to the 1912 average of 8.2 per cent and of the purchasing power of full-time earnings of 14.7 per cent. Although Dr. Rubinow's method was criticized in some respects, an investigation by Mr. F. W. Jones² showed substantially similar results. In the main, then, Dr. Rubinow's investigation may be said to have stood the test of criticism and to be sound within its self-constituted limits. If this study can be carried on to 1918, we shall have a fairly accurate picture of the movement of real wages for a period of nearly thirty years (1890-1918). Such a period is long enough to show the general trends in money wages, prices, and real wages.

Any study of real wages must, of course, deal with the relation between (1) money wages and (2) the cost of living. Dr. Rubinow's wage material was based upon the wage rates from 1890 to 1912 for fifteen different industries as published by the United States Bureau of Labor

¹ I. M. Rubinow, "The Recent Trend of Real Wages," *AMERICAN ECONOMIC REVIEW*, vol. IV (Dec., 1914), pp. 798-817.

² F. W. Jones, "Real Wages in Recent Years," *AMERICAN ECONOMIC REVIEW*, vol. VII (June, 1917), pp. 318-330. By projecting a series of 30 food commodities from 1907 to 1912, Mr. Jones arrived at the conclusion that the index of these 30 food commodities instead of the 15 that Dr. Rubinow used would have shown approximately a 3 point less decrease than that evidenced by Dr. Rubinow's statistics. Professor H. P. Fairchild tends to corroborate Rubinow's study when he infers that the standard of living of the average American workingman decreased from 1890 to 1908. See his "The Standard of Living—Up or Down," *AM. ECON. REV.*, vol. VI (Mar., 1916), pp. 9-25. The four years from 1908 to 1912 which were not included in Fairchild's study were the very years, according to both Rubinow and Jones, in which the greatest amount of the fall in real wages occurred.

Statistics.³ These industries were: woolen goods, cotton goods, boots and shoes, millwork, furniture, lumber, silk goods, bakers, foundry and machine shops, marble and stone cutters, building trades, car building, knitted goods, book and job printing, and newspaper printing. By using the simple average of these fifteen industries, index numbers for the relative hourly and "full-time" weekly wages were derived for each year with the average for the period 1890 to 1899 serving as the base or 100.

The price material was based upon the average annual retail prices of fifteen food commodities for which permanent records existed from 1890 to 1912. These commodities were granulated sugar, wheat flour, creamery butter, fresh milk, rib roast, pure lard, cornmeal, strictly fresh eggs, hens, round steak, sirloin steak, smoked ham, pork chops, smoked bacon, and Irish potatoes. The annual figures were expressed as index numbers with the average for the period 1890-1899 as the base or 100. The use of retail food prices alone as a measurement of the cost of living has been criticized by some authorities. However, since food forms approximately 40 per cent of the workingman's expenditures, it is the best single index that we have. Moreover, as we shall see from later investigations, in complete studies of the cost of living, the increase in food prices over a period of years has been found to approximate closely the increase in the cost of living. It seems fair, therefore, to conclude that Dr. Rubinow's computation was an approximately accurate reflection of general living costs.⁴

By what methods then has this study of Dr. Rubinow's been carried on for the six-year period 1912-1918?

1. Money Wages

Data as to wages and hours during this period have been published for only ten of the fifteen industries represented in Dr. Rubinow's investigation. These industries and the bulletins of the United States Bureau of Labor Statistics in which the material is published are as follows:

Bulletin 259, *Baking trades, building trades, foundry and machine work, marble and stone cutters, millwork, book and job printing, newspaper printing.*

Bulletin 260, *Boot and shoe industry.*

Bulletin 261, *Woolen goods.*

Bulletin 262, *Cotton goods.*

The wage scales quoted for the first seven industries were the accepted

³ In bulletins 128, 130, 134, 135, 137, and 181.

⁴ With the exception, of course, of the slight changes that might be introduced by using Dr. Jones's method.

union rates, while those for the cotton, woolen, and boot and shoe industries were taken from actual pay-rolls.

The question may well be asked whether the reduction in the number of industries from fifteen to ten does not invalidate the comparison. To test this objection a comparison was made for the period 1890-1912 of the ten industries as compared with the fifteen taking up (1) number of hours per week, (2) average hourly wage-rates, (3) average full-time weekly earnings, (4) purchasing power of wages per hour in terms of food, and (5) purchasing power of full-time weekly earnings in terms of food. The same methods of computation employed by Rubinow were used for the index numbers of the ten industries. While the detailed results for the ten industries will be given later, the following table shows that the differences between the two for the period in question were not appreciable.

TABLE I.—DEVIATION OF TEN INDUSTRIES FROM FIFTEEN INDUSTRIES FOR PERIOD 1890-1912.

(+ indicates when 10 industries exceed 15. — indicates when they fall below)

Year	Hours per week	Wages per hour	"Full-time" weekly earnings	Purchasing power	
				Wages per hour	Weekly earnings
1890	— .2	— .8	—1.0	— .8	—1.0
1891	— .1	— .6	— .7	— .6	— .7
1892	+.1	— .9	+.1	— .2	— .1
1893	— .1	— 1.1	— .9	— .1	— .1
1894	+.7	— .9	— .9	— .9	— .9
1895	+.3	— .4	— .9	— .4	— 1.0
1896	.0	+.2	+.2	+.3	— .1
1897	.0	+.6	+.6	+.6	+.7
1898	— .3	+.7	+.4	+.7	+.4
1899	+.5	— 1.0	+.5	— 1.0	+.5
1900	— .7	— 2.1	— 1.4	— 2.1	— 1.4
1901	— .6	— 1.7	— .9	— 1.5	— .8
1902	— .8	— .9	— .1	— .8	— .8
1903	— 1.0	— 1.7	— 1.1	— 1.5	— .3
1904	— .6	— 1.9	— 1.0	— 1.7	— .9
1905	— .6	— .4	— .4	— .8	— .3
1906	— .6	— 1.5	— .7	— 1.2	— .6
1907	— .8	— 1.9	— .7	— 1.5	— .5
1908	— .9	— 3.1	— 1.7	— 2.4	— 1.6
1909	— 1.0	— 3.5	— 1.8	— 2.5	— 1.3
1910	— 1.3	— 3.0	— .8	— 2.1	— .6
1911	— 1.1	— 3.5	— 1.7	— 2.5	— 1.2
1912	— 1.9	— 3.4	— 1.0	— 2.8	— .6

It will be noticed that the differences in wages per hour were less than one point for half of the years with a maximum deviation of 4.4 and an average deviation of approximately 3.4 for the six years from 1907 to 1912. The deviation for "full-time" weekly earnings was less than 1.0 for over half of the years and never exceeded 1.8, averaging 1.1 for the years 1907-1912. The deviation for the purchasing power of hourly wages was less than 1.0 in ten of the years, in no year exceeded 2.8 and for the last six years averaged approximately 2.3. Finally the deviation for the purchasing power of full-time weekly earnings was less than 1.0 for two thirds of the years, never exceeded 1.6, and averaged .9 for the last six years.

It will thus be seen that the results are substantially the same whether one uses ten industries or fifteen. Moreover, from 1903 to 1913, when real wages were dropping most rapidly, the ten industries show a less decrease than the fifteen. It seems safe to assume therefore that the use of the ten industries will give as accurate results as the fifteen used by Dr. Rubinow. Indeed any defects that exist will probably be in overestimating the rise in money wages and in underestimating the fall in real wages. In other words, any errors will be on the bright rather than the dark side of the picture.

The method of carrying on the study was as follows: First, an index number for each industry as a whole was derived from the simple averages of the index numbers of *all the occupations within* the industry as given by the bulletins of the Bureau of Labor Statistics. Simple rather than weighted averages were used because the *Nineteenth Annual Report of the Bureau of Labor on Wages and Hours of Labor* clearly demonstrated that simple averages gave almost exactly the same results as weighted averages.⁵ Second, when index numbers were found for each industry for the years 1912-1918 for (1) hours per week, (2) wages per hours, and (3) full-time weekly earnings, the figures were converted from the 1913 base used in the Bureau of Labor Statistics studies to the 1890-1899 base used by Rubinow. The year 1912 acted as the point at which the new index was spliced to Rubinow's index. Third, the index number for ten industries as a whole was obtained. Here again, as in Rubinow's investigation, the simple rather than the weighted average was used.

Table II shows the change in relative number of hours agreed upon as a week's work for the period 1890-1918. This table shows: (1) an

⁵ *Nineteenth Annual Report United States Bureau of Labor: Wages and Hours of Labor*, p. 22. Four methods of averaging were used yet the greatest deviation between any two of them for the fourteen years from 1890 to 1903 was 1.7 points and, save for that one year, it never exceeded .8 and for ten of the fourteen years ranged between .1 and .5.

TABLE II.—RELATIVE "FULL-TIME Hours" PER WEEK (Basis 1890-1899).

Year	Woolen goods	Cotton goods	Boots and shoes	Millwork	Building trades	Bakers	Marble and stone cutters	Foundry and machine shops	Printing, book and job	Printing, newspaper	Averages
1890	101.0	100.5	100.3	101.3	102.5	100.8	101.5	100.5	101.0	100.9	100.9
1891	101.0	101.9	100.6	100.6	101.8	100.8	100.1	100.4	101.0	100.1	100.8
1892	101.0	101.6	102.0	100.7	100.7	100.9	100.2	100.3	100.5	100.6	100.8
1893	99.5	100.0	100.0	100.1	100.5	100.5	101.0	100.0	100.4	101.3	100.3
1894	99.0	97.5	100.0	100.3	100.7	100.4	100.5	99.9	100.1	100.5	99.9
1895	100.1	99.8	100.0	99.7	100.3	99.9	100.1	100.1	100.9	100.4	100.1
1896	100.1	99.5	100.0	99.0	99.2	99.6	99.9	99.9	100.1	100.9	99.7
1897	98.4	99.1	99.8	99.6	98.6	100.9	99.4	99.7	100.9	100.0	99.5
1898	98.9	100.3	99.7	99.4	98.1	99.1	99.2	99.9	99.4	99.1	99.3
1899	100.0	100.3	99.6	99.2	97.5	97.8	98.1	99.1	97.9	97.9	98.7
1900	99.8	100.1	99.3	98.9	95.5	96.9	97.9	99.3	95.1	97.6	97.9
1901	99.9	99.9	99.6	98.7	94.4	96.3	96.0	96.1	94.4	97.4	97.5
1902	99.8	90.5	96.4	97.7	92.6	95.8	95.5	96.6	98.9	97.1	96.6
1903	99.7	99.3	97.0	97.2	91.8	93.9	94.0	95.4	98.1	96.9	96.7
1904	97.9	99.2	97.1	97.9	91.3	93.6	94.0	94.6	92.4	95.7	95.4
1905	99.5	99.2	96.8	98.1	91.2	92.5	94.2	94.8	92.0	96.9	95.4
1906	98.4	98.7	96.3	96.9	90.9	91.8	93.6	94.8	90.7	95.4	94.8
1907	97.9	97.5	96.0	96.7	90.6	91.6	93.4	94.6	90.1	94.8	94.3
1908	97.7	96.3	95.9	96.7	90.4	89.7	93.3	94.5	87.4	94.5	93.6
1909	97.8	96.4	95.7	96.7	90.2	88.6	93.9	93.8	86.8	94.4	93.4
1910	96.1	94.1	95.1	96.9	89.7	86.8	93.0	93.4	86.0	94.0	92.5
1911	96.9	94.1	95.3	96.8	89.4	85.1	92.9	92.8	85.5	98.9	92.2
1912	94.6	92.4	93.9	96.2	89.2	81.2	91.8	92.8	86.5	93.8	91.1
1913	92.9	94.9	93.1	96.9	85.9	81.9	91.3	92.2	85.5	93.6	90.6
1914	91.1	92.6	92.4	94.3	85.8	82.0	91.3	92.0	86.5	93.8	90.1
1915	1	1	1	94.3	85.6	82.0	91.3	92.0	85.5	98.7	89.2
1916	90.6	92.6	92.1	93.8	85.1	81.9	91.3	91.6	85.6	93.7	89.7
1917	1	1	1	92.8	84.9	81.9	91.3	91.3	85.6	93.8	86.5
1918	69.7	91.4	68.4	91.9	84.4	80.4	91.3	88.7	85.6	93.9	88.5

1. No data collected for this year.

average decrease of 11.5 per cent in the length of the average working week in 1918 as contrasted with the average for 1890-1899; (2) a difference in the amount of the decrease from industry to industry varying from 19.6 per cent in the baking trades to 6.1 per cent in newspaper printing.

Turning now to hourly wage rates, the statistics for the ten industries are presented in Table III. This table shows: (1) an average increase of 111.3 per cent from the period 1890-1899 to 1918; (2) a varying increase for the different industries ranging from 192 and 190 per cent for the cotton and woolen goods trades respectively to 46.1 per cent for newspaper printing. The hourly earnings for the three industries for which the actual pay-rolls were used were secured by dividing the total earnings for the week by the number of hours worked. This gives a slightly higher figure than the hourly rate, more especially in the later years, since it partially includes any overtime bonuses that may have been paid. The increase in basic hourly rates themselves therefore tends to be slightly overestimated by their use.

By multiplying the relative number of hours per week by the relative wages per hour, we may obtain the relative full-time weekly earnings. This means the relative amount in money that would be secured if all operatives worked the established number of hours per week at the given hourly rate or wage. Thus in the industries for which union rates are given, if 50 hours constituted the established week's work and if the hourly wage was 30 cents, then \$15 would comprise the full-time weekly earnings. This term therefore does not signify the relative amounts of money that the workers actually receive in their weekly pay check, or as their annual earnings; since it makes no allowance for (1) unemployment, (2) under-employment, or (3) overtime. In other words full-time weekly earnings are based upon the working of the established number of hours for the occupation or industry and do not deal with deviations from that scale whether they be above or below. In the three other trades, the relative hourly earnings were also multiplied by the established number of hours per week. This gives a result which is, of course, not equivalent to actual earnings but is somewhat higher than the method followed for the other industries, since it includes a large part of any overtime bonuses that may have been paid. This is more especially true of the later years.

The movement of relative full-time weekly earnings is shown by Table IV.

This table shows (1) an average increase for 1918 over the period 1890-1899 of 87.7 per cent, (2) a variation in the amount of the increase in different industries ranging from 39.1 per cent in newspaper printing to 162.4 per cent for cotton goods, and 166.4 for woolen goods.

TABLE III.—RELATIVE RATES OF WAGES PER HOUR (BASE 1890-1899).

Year	Woolen goods	Cotton goods	Boots and shoes	Millwork	Building trades	Bakers	Marble and stone cutters	Foundry and machine shops	Printing, book and job	Printing, newspaper	Average
1890	99.6	101.6	98.5	99.9	97.0	99.3	98.5	99.9	99.5	97.5	99.8
1891	99.3	99.4	97.5	100.4	97.9	99.9	99.5	100.3	99.6	99.6	99.4
1892	100.7	99.3	99.3	100.1	99.9	100.5	100.3	108.7	99.2	98.8	100.1
1893	105.7	105.0	100.6	100.0	100.0	100.2	99.7	101.6	100.2	98.0	101.1
1894	94.9	98.9	99.8	97.0	97.5	98.4	98.0	98.7	99.6	97.4	98.0
1895	95.3	98.9	101.4	98.1	98.4	98.7	97.0	99.1	99.5	96.3	96.3
1896	98.1	104.1	100.5	99.3	99.9	99.6	101.0	100.5	100.3	98.6	100.9
1897	100.4	100.4	100.7	100.0	101.3	99.8	101.6	99.7	99.9	99.3	100.2
1898	103.3	96.7	100.5	101.7	102.8	100.6	101.9	99.0	101.9	109.8	100.9
1899	109.3	95.8	101.8	104.1	105.3	103.1	103.2	99.1	103.6	106.1	106.4
1900	111.3	108.4	104.1	105.9	109.9	106.6	104.9	101.5	109.3	106.3	106.9
1901	111.9	108.8	104.1	108.6	114.5	108.5	109.0	104.7	110.7	106.3	106.7
1902	114.9	118.3	108.0	112.5	191.1	118.9	113.5	108.9	114.3	109.3	119.9
1903	118.7	117.5	113.9	116.5	136.8	118.9	118.6	112.9	116.1	118.4	117.9
1904	115.4	117.1	116.9	115.7	199.7	191.1	118.9	119.9	118.9	114.1	118.9
1905	119.9	118.7	116.7	116.7	199.9	128.5	119.3	114.0	120.6	116.1	119.0
1906	197.1	131.3	191.8	190.6	140.9	197.4	191.3	117.9	195.9	118.4	125.1
1907	185.3	149.8	198.0	194.5	144.6	198.9	195.7	191.4	131.0	192.6	131.2
1908	198.1	148.4	195.5	193.4	146.9	198.9	196.1	192.9	186.0	194.7	181.6
1909	199.0	143.0	190.4	194.9	150.9	140.0	197.1	124.4	189.3	196.0	138.4
1910	189.5	147.7	199.6	197.8	153.1	147.6	198.1	180.0	148.4	199.3	137.0
1911	138.3	149.1	181.7	199.0	157.6	155.6	199.0	183.8	148.9	130.9	139.5
1912	149.1	164.1	139.8	139.3	159.4	167.3	136.9	136.3	160.6	138.4	145.9
1913	147.3	165.9	148.9	138.6	164.9	179.5	138.8	140.7	158.7	135.8	149.6
1914	163.9	179.9	144.6	188.3	166.9	175.9	149.3	141.9	157.9	136.6	138.1
1915	1	1	140.9	168.3	177.7	142.9	149.8	158.9	137.0	159.5	
1916	192.1	1	197.8	151.1	159.9	181.1	146.4	152.9	160.3	137.8	164.5
1917	1	1	159.7	191.1	196.7	152.7	168.8	169.5	140.7	140.7	
1918	990.0	992.8	189.5	173.0	200.9	204.6	179.1	204.4	146.1	211.5	

¹ No data were collected for this year.

2. The Increase in the Cost of Living

It is only within the last few years that comprehensive surveys of the increase in the cost of living for different localities covering rent, clothing, fuel, and light, and miscellaneous items as well as food have been made. The only retail prices for which there is a continuous record for the entire period 1890-1918 on any country-wide scale are, however, those for certain food items. As has been pointed out,⁶ the price data compiled by the Bureau of Labor Statistics have many gaps. For the period 1890-1907 an index of thirty commodities, weighted according to their relative importance in the average family budget as revealed by an investigation in 1901 was used. In 1907 fifteen of these commodities were omitted and for the five years 1908-1912 inclusive we have only fifteen commodities. It was these fifteen commodities that were used by Rubinow in constructing his index of food prices. In 1913 seven more commodities were added, making twenty-two in all and these were weighted according to their relative importance. This constitutes the present index of retail food prices compiled by the Bureau of Labor Statistics.

The method followed in continuing the study was to take the fifteen commodities for which there was a permanent record and weight them in the same fashion as practiced by the Bureau of Labor Statistics from 1908 to 1912 and which Rubinow copied.⁷

⁶ In footnote 2.

⁷ This weighting system was derived from the nation-wide budgetary investigation conducted in 1901 by the Bureau of Labor and which assigned the following relative importance to these fifteen commodities (*Eighteenth Annual Report United States Bureau of Labor*, 1909, p. 650).

COMMODITY	RELATIVE IMPORTANCE
Fresh beef.....	1,531
(a) Sirloin steak	
(b) Round steak	
(c) Rib roast	
Pork chops	429
Salt pork products	425
(a) Bacon, smoked	
(b) Ham, smoked	
Hens	290
Eggs, strictly fresh	514
Milk, fresh	652
Butter, creamery	880
Lard, pure	286
Sugar, granulated	482
Flour and meal.....	513
(a) Wheat flour (double weight)	
(b) Corn meal	
Irish potatoes	395
Total	6,397

These items represented 63.97 per cent of the total expenditures for food of 2,567 families in 1901.

TABLE IV.—RELATIVE FULL-TIME WEEKLY EARNINGS (BASIS 1890-1899).

Year	Woolen goods	Cotton goods	Boots and shoes	Millwork	Building trades	Bakers	Marble and stone cutters	Foundry and machine shops	Printing, book and job	Printing, newspaper	Average
1890	100.6	102.1	98.9	100.5	99.4	100.1	99.9	99.7	98.8	103.9	100.3
1891	100.8	100.6	98.1	101.0	99.7	100.7	99.6	100.7	100.6	99.7	100.1
1892	101.7	100.8	101.3	100.8	100.6	101.2	100.5	102.9	99.7	99.4	100.9
1893	105.9	105.0	100.6	100.1	100.5	100.7	100.7	101.6	100.6	99.3	101.4
1894	98.9	96.4	99.8	97.3	98.3	98.8	98.5	98.6	99.7	97.9	97.9
1895	95.4	98.0	101.4	97.8	98.7	98.6	97.1	99.9	99.7	96.7	98.3
1896	98.2	103.6	100.5	98.3	99.1	99.2	100.9	100.3	100.4	98.8	99.9
1897	98.8	99.5	100.5	99.6	99.9	99.9	100.9	99.4	99.4	99.9	99.7
1898	102.9	96.9	100.2	101.1	100.8	99.7	100.4	98.9	100.6	101.9	100.9
1899	103.3	96.1	101.4	103.3	102.7	100.8	101.2	98.5	100.7	103.9	101.1
1900	111.1	108.5	103.4	104.7	104.9	103.3	101.9	100.7	103.9	103.7	104.6
1901	111.8	108.7	103.7	107.9	108.1	104.8	104.6	102.5	104.5	103.5	105.9
1902	114.7	112.7	106.3	109.9	112.1	109.1	108.4	104.5	106.5	106.1	109.0
1903	117.2	116.7	109.9	113.9	116.4	111.6	111.5	107.0	108.1	109.1	112.1
1904	119.9	116.9	113.5	118.4	113.3	113.3	111.8	107.7	109.9	109.9	112.6
1905	117.5	117.8	116.1	114.5	120.7	114.9	112.4	107.9	110.9	111.7	114.4
1906	126.1	129.6	117.3	116.9	127.4	116.9	113.5	111.8	114.9	112.9	118.6
1907	139.5	146.1	132.9	130.4	131.0	118.1	116.4	114.8	118.0	116.3	133.7
1908	126.9	142.9	130.4	119.3	132.8	120.1	117.7	116.1	116.9	117.8	128.1
1909	126.2	137.9	124.8	120.8	135.5	124.0	118.5	116.7	120.9	118.9	124.4
1910	127.3	138.9	123.9	123.8	137.3	128.1	120.1	121.4	123.3	121.4	126.5
1911	126.2	140.3	125.5	124.9	141.9	134.4	119.8	124.2	126.7	129.9	128.9
1912	141.0	151.6	134.7	127.3	142.9	135.8	129.9	126.5	128.9	125.1	132.6
1913	136.8	156.9	138.9	128.5	141.0	140.1	137.7	129.7	131.4	137.4	135.3
1914	142.0	156.8	135.6	130.8	148.8	142.8	129.8	130.9	134.6	128.8	137.9
1915	1	1	1	133.9	144.1	145.7	130.5	131.4	135.8	128.4	135.5
1916	164.0	173.9	139.9	142.7	146.7	147.1	138.7	135.1	137.9	129.1	144.8
1917	1	1	1	148.2	155.8	158.7	139.4	145.1	151.8	131.9	146.9
1918	966.4	962.4	172.9	159.9	175.7	190.4	157.2	155.6	159.1	139.1	187.7

¹ No data collected for this year.

Before proceeding further with this material two questions may legitimately be asked: (1) whether these fifteen commodities afford a true picture of food prices in general and (2) whether the changes in food prices themselves are an accurate index of changes in the cost of living as a whole.

In dealing with the first objection, we should realize that these fifteen commodities formed 64 per cent, or nearly two thirds of the average food budget in 1901. Though the relative importance of these items may well have lessened in the years since then, they undoubtedly still comprise a major portion of the food budget of the average workingman's family today.

Moreover, while the relative importance of these fifteen commodities as compared with each other has also undoubtedly changed, it is extremely doubtful whether this change in weights would affect the result appreciably. Finally, the relative reliability of the index numbers of these fifteen commodities can be checked up by comparing them with the index numbers derived from a larger number of commodities. Jones, in his critique of Rubinow's investigation, compared the series of fifteen commodities with the old series of thirty commodities for the period 1890-1907 and found that, while there was little difference before 1900, after that date the index for the thirty commodities lagged some 3 to 5 points below the index for the fifteen. This difference, though real, does not seriously impair the general credibility of the index of the fifteen commodities. If we compare the weighted index number for these fifteen commodities for the period 1911-1918 with the weighted index for the twenty-two food commodities now used by the Bureau of Labor Statistics, we have the following results expressed to the nearest point.

Year	(Average 1913 = 100)		Differences between the two indices
	Weighted index 15 commodities	Weighted index 93 commodities	
1911	93	92	1
1912	99	98	1
1913	100	100	0
1914	102	102	0
1915	101	101	0
1916	114	114	0
1917	150	146	4
1918	172	167	5

This shows an almost complete correspondence for the first six years and a difference of 4 and 5 points for the last two. It is safe to conclude, therefore, that the weighted index number of these fifteen food commodities is a fairly close approximation to the real movements of

food prices although it may slightly over-estimate the real increase.

To turn now to the second question, Do the changes in retail food prices correspond with the changes in the cost of living? Cost of living surveys for workingmen's families have been made only within the last few years by the Bureau of Labor Statistics for a number of cities. The actual prices of commodities in the various groups of expenditure including food, clothing, housing, fuel and light, furniture and furnishing, and miscellaneous items were collected and weighted according to their relative importance in the average workingman's budget of that city as disclosed by an investigation of the expenditures of several hundred local families during the period of a year.

The relative cost of living has been carried back to December, 1914, as the base for eighteen cities⁸ and the simple average of these relatives will give a reliable cost of living index for the urban sections of the country.⁹ This can be compared for a similar period with the weighted index of the fifteen food commodities and the relationship indicated. The following table gives this material:

TABLE V.—RELATION BETWEEN RETAIL FOOD PRICES AND THE COST OF LIVING (DECEMBER, 1914 = 100).

Date	Relative cost of living in eighteen cities	Weighted index, fifteen food commodities	Relation between food index and cost of living index
Dec., 1914	100	100	
" 1915	100.4	102.9	+ 1.8
" 1916	114.8	129.0	+ 7.9
" 1917	141.0	153.3	+ 12.3
" 1918	172.5	182.8	+ 10.3
" 1919	197.2	195.0	- 2.2

This table indicates therefore that the cost of living will lag behind food prices for short periods, because of the slowness of rents to keep pace, but that in longer periods the two are closely approximate. In all probability, therefore, the use of food prices (which is all we have) will give an accurate picture of the cost of living for the period 1890-1912, but it will somewhat exaggerate the increase during the years 1916, 1917, and 1918.

Since the prices for the food commodities collected by the United States Bureau of Labor Statistics have since 1912 been computed with 1913 as a base, two steps were necessary to connect this price material with Rubinow's index: (1) To secure the weighted index by years of

⁸ I.e., Portland, Me., Boston, New York, Philadelphia, Baltimore, Norfolk, Chicago, Detroit, Cleveland, Buffalo, Los Angeles, Portland, Ore., San Francisco, and Seattle.

⁹ For the increase for each of these cities see *Monthly Labor Review*, Sept., 1919, pp. 107-111; Feb., 1921, pp. 52-57.

the fifteen commodities used by Dr. Rubinow instead of the twenty-two used by the bureau; (2) to transfer these index numbers from a 1913 base to an 1890-1899 base by using 1912 as the connecting link.¹⁰ By this method, we secure the following index of food prices for the years 1890-1918.

YEAR	RELATIVE PRICE	YEAR	RELATIVE PRICE
1890	101.9	1905	116.4
1891	103.4	1906	120.3
1892	101.6	1907	125.9
1893	104.1	1908	130.1
1894	99.2	1909	137.9
1895	97.1	1910	144.1
1896	95.2	1911	148.0
1897	96.7	1912	154.2
1898	99.7	1913	155.7
1899	100.8	1914	158.5
1900	103.0	1915	156.5
1901	106.5	1916	177.6
1902	114.6	1917	233.4
1903	114.7	1918	266.6
1904	116.3		

3. Real Wages

We can now bring our material together into a final table summarizing the trend of hours per week, wages per week, full-time weekly earnings, and retail food prices. From the last three of these items the relative purchasing power of an hour's work and a full-time week's work can be computed. Table VI contains all this material. An analysis of this table shows that:

1. The purchasing power of an hour's wages was 20.7 per cent less in 1918 than it had been during the years 1890-1899, and that the purchasing power of full-time weekly earnings was 29.6 per cent less than during this period.
2. This great decrease was concentrated almost wholly in two periods: (a) the years 1907-1912, (b) the years 1916-1917.
3. During the period 1907-1912 wages per hour increased from 131.2 to 145.9 or 11.0 per cent, yet from 1913 to 1918 they increased from 149.6 to 211.3 or 41 per cent.
4. During the years 1907-1912 full-time weekly earnings rose from 123.7 to 132.6 or 7 per cent, while in the period 1913-1918 they increased from 185.2 to 187.7 or 38 per cent.
5. During the period 1907-1912 retail food prices rose from 125.9 to 154.2 or 22 per cent, while during the years 1913-1918 they increased from 155.7 to 266.6 or 71 per cent.
6. In the years 1907-1912 the purchasing power of hourly wages as

¹⁰ There is, of course, the possibility of a slight error in thus splicing the index numbers, but for all practical purposes it can be neglected.

TABLE VI.—INDEX OF REAL WAGES 1890-1918.

Year	Hours per week	Wages per hour	Full time weekly wages	Retail food prices	Purchasing power measured by retail prices of food, of:	
					Wages per hour	Full-time weekly earnings
1890	100.9	99.4	100.3	101.9	97.5	98.4
1891	100.8	99.3	100.1	103.4	96.0	96.8
1892	100.8	100.1	100.9	101.6	98.5	99.3
1893	100.3	101.1	101.4	104.1	97.1	97.5
1894	99.9	98.0	97.9	99.2	98.8	98.7
1895	100.1	98.2	98.3	97.1	101.1	101.2
1896	99.7	100.2	99.9	95.3	105.3	104.6
1897	99.5	100.2	99.7	96.7	103.6	103.2
1898	99.3	100.9	100.2	99.7	101.2	100.5
1899	98.7	102.4	101.1	100.8	101.6	100.3
1900	97.9	106.8	104.6	108.0	108.7	101.6
1901	97.5	108.7	105.9	108.5	100.1	97.6
1902	96.6	112.9	109.0	114.6	98.5	95.1
1903	95.7	117.2	112.1	114.7	102.2	97.6
1904	95.4	118.2	112.6	116.2	101.7	96.9
1905	95.4	120.0	114.4	116.4	103.1	98.3
1906	94.8	125.1	118.6	120.3	103.9	98.6
1907	94.3	131.2	123.7	125.9	104.2	98.2
1908	93.6	131.6	123.1	130.1	101.2	94.6
1909	93.4	133.4	124.4	137.2	97.2	90.7
1910	92.5	137.0	126.5	144.1	95.1	87.8
1911	92.2	139.8	129.9	143.0	97.8	90.1
1912	91.1	145.9	132.6	154.2	94.6	85.9
1913	90.6	149.6	135.2	155.7	96.1	86.8
1914	90.1	153.1	137.9	158.5	96.5	87.0
1915	89.2	152.5	135.5	156.5	97.5	86.6
1916	89.7	164.5	144.8	177.6	92.6	80.8
1917	88.5	167.0	146.9	233.4	71.6	64.0
1918	88.5	211.3	187.7	266.6	79.3	70.4

measured by retail food prices decreased from 104.2 to 94.6 or 9 per cent, while from 1913 to 1918 the decrease was from 96.1 to 79.3 or a drop of 17 per cent.

7. In the years 1907-1912 the purchasing power of full-time weekly earnings decreased from 98.2 to 85.9 or 13 per cent, while from 1913 to 1918 they fell from 86.8 to 70.4 or a decrease of 19 per cent.

8. From 1912 to 1916 money wages not only held their own but indeed gained slightly upon prices, but the sudden upward movement of prices in 1916 was accompanied by only a slight increase in wage rates and the result was that in two years the purchasing power of hourly wages declined 27.1 per cent and the purchasing power of full-time weekly earnings 26 per cent.

9. Money wages began to gain upon prices in 1918 and in consequence real wages rose in that year over their low-water mark of 1917.

Certain cautions, however, should be observed in using this material:

(1) The industries covered do not include such wartime industries

as munitions plants. Some of the occupations within these industries enjoyed increases in wages more than sufficient to compensate for the increase in the cost of living. Household servants are naturally not included and they too profited. On the other hand, neither are the railroad workers and the coal miners included, and their wages notoriously lagged behind the increase in prices.¹¹ Farm laborers also lost during the war period, as Professor Viner has shown.¹² Moreover, the wage statistics after 1907 refer chiefly to union workmen. They consequently do not include most of the unskilled workers and, save for the year 1918, it is extremely probable that the increases for this class were not as great as for the union workers who were at once more skilled and possessed stronger bargaining powers.

(2) The wage scales used since 1907 for seven of the industries were the union scales. Until 1917, and perhaps even until 1918, the union scale did actually represent in practice "the prevailing wage of a locality for efficient labor."¹³ In 1918, however, due to the relative scarcity of labor, a much larger percentage than usual of the workers were paid in excess of this scale. To the extent that this occurred, the use of the union scale fails to give a completely accurate representation of actual wage rates. This criticism, of course, does not apply to the three industries for which pay-roll data were used.

(3) As has been pointed out, the use of retail food prices exaggerates the increase in the cost of living for the years 1916, 1917, and 1918.¹⁴ The actual decline in real wages for these years was accordingly somewhat less than is shown above.

(4) As has been explained, the relative full-time weekly earnings do not represent the relative amounts of *money actually received* per week. If the relative amount of unemployment or under-employment should decrease, then the relative actual amounts received would (to that extent at least) increase. Likewise if the relative amount of overtime increased, the relative actual earnings would rise. The industrial pressure brought by the war did, beyond doubt, decrease unemployment and increase overtime.

Two questions may then be asked: (a) Was the increase in em-

¹¹ See *Report of the Railroad Wage Commission to the Director General of the Railroads* (1918), published by the United States Railway Administration; also *Award and Recommendations of the United States Bituminous Coal Commission* (1920), pp. 36-45.

¹² Jacob Viner, "Who Paid for the War," *Journal of Political Economy* (Jan., 1920), pp. 70-71.

¹³ *Union Scale of Wages and Hours of Labor*, United States Bureau of Labor Statistics Bulletin No. 214, p. 11.

¹⁴ For the years 1919 and 1920 on the other hand the retail food index was considerably less than the cost of living.

ployment per week more than sufficient to offset the loss in hourly wage rates? What was the course of *actual money earnings per week* as compared with the cost of living? (b) Which is the more significant, actual earnings or wage rates? These will now be considered in turn:

(a) Practically the only authoritative material on actual weekly wage payments, including both overtime and undertime, is that collected by the industrial commissions of New York and Wisconsin and published in their respective Labor Market bulletins. The former covers some 600,000 workmen, while the latter is based upon approximately 80,000 workmen. In both cases a very narrow base is used for computation, the single month of June, 1914, serving in New York and the first quarter of 1915 in Wisconsin. The following table shows the purchasing power of average weekly wage payments in the manufacturing industries of each of these two states in terms of their respective bases.

TABLE VII.—COMPARISON OF AVERAGE WEEKLY EARNINGS OF FACTORIES IN NEW YORK STATE AND WISCONSIN WITH COURSE OF RETAIL FOOD PRICES IN THE UNITED STATES.¹

(For New York, June 1914 = 100. For Wisconsin, first quarter, 1915 = 100.)

Date	Average weekly earnings		Retail food prices U. S. 23 commodities		Purchasing power of average weekly earnings in terms of food	
	New York	Wisconsin	New York	Wisconsin	New York	Wisconsin
1914	98		105		93.3	
1915	101		102		99.0	
Aug. "		108		99		109.1
1916	114		115		99.1	
Feb. "		117		105		111.4
Aug. "		124		112		110.7
1917	129		147		87.7	
Feb. "		134		132		101.5
Aug. "		146		148		98.6
1918	160		170		94.1	
Feb. "		157		160		98.1
Aug. "		193		170		113.5
1919	185		188		98.4	
Feb. "		209		171		122.9
Aug. "		205		191		107.3
Feb. 1920	224	240		198		121.2
July "		250	221	217	101.4	115.2

¹ *New York Labor Market Bulletin*, Oct., 1920, p. 5; *The Wisconsin Labor Market*, Bulletin No. 1 and data furnished by Mr. A. J. Altmeyer, statistician for the commission. Prior to July, 1920, the Wisconsin statistics are given by quarters and not by months. The middle month of the quarter has accordingly been taken as typical of the quarter as a whole.

This table shows that so far as New York state workers were concerned the greater amount of employment was not sufficient to compensate for the decreased purchasing power of an hour's work. The average week's pay envelope actually purchased 12 and 6 per cent less respectively in 1917 and 1918 than in June, 1914, despite the fact that

the workmen were employed more steadily and worked longer hours. In Wisconsin, however, there was apparently a fluctuating increase in real weekly wages over the base after February, 1918, although for a few months preceding this, the index was slightly lower than in the period chosen as the base.

As a matter of fact both the New York and Wisconsin figures give a more optimistic picture than is justified. It has already been pointed out that both use an exceedingly narrow base—that of New York being only one month, while that of Wisconsin is only three months. What is more, each of the base periods occurred during the depression of 1914-1915 when there was a large amount of unemployment and short time. Thus in June, 1914, 25.5 per cent of the union members in New York state for whom reports were made were unemployed.¹⁵ This percentage was in excess of the percentages of unemployment for fifty out of the sixty-six months from January, 1909, to June, 1914, inclusive. Periods of unusual unemployment are accompanied by a great deal of short time, and weekly pay checks are in consequence abnormally low. The use of June, 1914, as the base, therefore, fixes an unduly low starting point and consequently exaggerates the later increase in actual weekly earnings.¹⁶ The same criticism applies with even greater force to the base used by the Wisconsin commission. The early winter months of 1915 were marked by closed factories, widespread unemployment and extensive short-time. There are no statistics covering the actual amount of unemployment in Wisconsin at this time, but in New York 32.6 per cent of the trade-union members were idle during the first quarter of 1915;¹⁷ while in Massachusetts in March 16.6 per cent, or practically twice as many as the average for the years 1911, 1912, and 1913, were unemployed.¹⁸ This in large part accounts for the fact that the Wisconsin index rises more rapidly than that of New York during 1915 and for its higher position throughout the war period. Had a longer or a more representative period been used as the base for both of these studies, the later figures concerning actual weekly wages expressed in relatives would have been considerably lower. In other words, the workers in New York state lost even more than is indicated above, while the workers in Wisconsin gained less than is shown and, at least until late in 1918, quite probably did not gain at all.

¹⁵ *Bulletin No. 85*, New York State Department of Labor, *Course of Employment in New York State*, p. 50.

¹⁶ For the same reason, the use of the year 1896 as the base would exaggerate the increase in retail food costs and in wholesale prices. The ten-year period 1890-1899 is used to obviate this difficulty.

¹⁷ *Bulletin 85*, New York State Department of Labor, *op cit.*, p. 50.

¹⁸ *Massachusetts Industrial Review*, vol. I, no. 2 (July, 1920), p. 25.

(b) Whether, as a matter of fact, total weekly earnings would give a fairer picture of the worker's status than do hourly wage rates, it is impossible, with our scanty material, to tell. The answer would require a knowledge of pre-war and post-war *hours worked*; and that knowledge is not available. It may be worth while, however, to point out how such material could be used if we did have it.

Very roughly, the question of the relative significance of hourly rates and weekly earnings depends necessarily upon a somewhat complex double factor of judgment; the interrelation not merely of previous and present hours worked to previous and present wage rates but the relation of all four to some sort of mental standard in the way of a "normal" working week. This last criterion is indispensable. Suppose a man had previously been employed only 20 hours a week and was now enabled to work 40 hours. Even though his total earnings rose thereby only 50 per cent, would not most critics be assured that his new surplus constituted a real human gain and would they not hence be forced in this case to consider weekly earnings the significant standard? Suppose, however, that he had already been employed 40 hours and was now raised to 80 hours. Would this inhumanly long labor be compensated for adequately by a 50 per cent addition in earnings? As surely no. Hence the hourly wage would here give the fairer picture. Or again, in the third place, suppose the original hours worked were 40 and were now raised to 48 or 50 (an amount typically involving no undue strain) but the gain in total earnings was only 2 or 3 per cent. Would that small cash gain be worth the extra effort? Here the issue is not so clear, although most of us would probably hold that the gain was not worth the trouble and that once more the hourly rate was the more significant. If, on the other hand, the increase from 40 hours of labor to 50 had entailed an income gain of 12 to 15 per cent, many would think the result worth while—and hence again resort to the weekly earnings as base.

It is believed that the qualifications pointed out above with respect to other industries, trade-union rates, and retail food prices, would not greatly alter the situation as revealed by Table VI. While any estimate may be in the nature of a guess, it is the belief of the writers that these factors would not introduce a change in real wages in excess of 10 points and probably less.

All the evidence seems to indicate that at the termination of the great war¹⁹ the return in commodities which the American workman re-

¹⁹ It is probable that labor gained ground upon the cost of living in 1919 and the early part of 1920. Whether this was sufficient to bring them back to the pre-war basis is not certain. It is clear that it was not so far as Boston, Mass. was concerned. The increase in hourly wage rates in organized occupations from July,

ceived for an equal length of time worked (one hour) was from 10 to 20 per cent less than it was in the decade 1890-1899, and from 7 to 17 per cent less than it was before the sharp upward movement of prices in 1916.²⁰ The purchasing power of the established week's work, moreover, was from 20 to 30 per cent less than in the nineties and from 10 to 20 per cent less than in 1915. American labor as a whole, therefore, cannot legitimately be charged with having profiteered during the war. Rather, like Alice in Wonderland, it was compelled to run faster in order to stay in the same place.

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1914, to July 1, 1920, was 83.5 per cent and for "full-time" weekly earnings 72.7 per cent while the cost of living increased in Boston from December, 1914 to June, 1920, 110.7 per cent! See *Massachusetts Industrial Review*, vol. I, no. 2 (July, 1920), pp. 13-20 and mimeographed bulletin 964, U. S. Bureau of Labor Statistics.

²⁰ For a summary and critique of the wage studies of the National Industrial Conference see the review by Paul H. Douglas in *Quarterly Publications of the American Statistical Association*, September, 1921.

RECENT DEVELOPMENTS IN THE FEDERAL FARM LOAN SYSTEM

The decision¹ of the Supreme Court of the United States on February 28, 1921, sustaining the constitutionality of the Federal Farm Loan act came as no surprise to those who were familiar with the more subtle provisions in the act and the points involved in the litigation. In framing the original measure Congress had taken pains to insure its constitutionality. It had empowered the Secretary of the Treasury to designate any land bank, federal or joint-stock, as a depositary of public money, except receipts from customs, and as a financial agent of the government; it had empowered both federal and joint-stock land banks to buy and sell United States bonds; and, lest there be some question about the constitutionality of exempting the bonds of these banks from all taxation, especially state taxes, it had declared all first mortgages executed to land banks and all farm loan bonds to be "instrumentalities of the government of the United States." These safeguards effectively accomplished the purpose for which they were intended because the Supreme Court in its decision adhered closely to time honored precedents.

The case first got into the hands of the courts in July, 1919, when Charles E. Smith, a stockholder in the Kansas City Title and Trust Company, instituted proceedings in the United States District Court at Kansas City, Missouri, to enjoin the trust company from investing funds to the amount of \$10,000 in bonds of the federal land banks, and \$10,000 in bonds of the joint-stock land banks. It was the contention of Smith, among other things, that although farm loan bonds purported to be tax exempt, Congress had exceeded its constitutional authority in providing for the creation of federal and joint-stock land banks with the power to issue tax-exempt bonds; and that therefore these bonds were improper securities for the investment of trust company funds.

The Federal Land Bank of Wichita and certain joint-stock land banks intervened in the suit. The case was heard on October 29 and 30, 1919, and at the conclusion of the hearing the trial judge upheld the constitutionality of the act and dismissed the bill of complaint. From this decision, Smith immediately appealed to the United States Supreme Court where the case was argued January 6, 1920, and again on October 14 and 15 by Ex-Judge Hughes and Ex-Attorney General

¹ *Charles E. Smith v. Kansas City Title & Trust Company et al.* Justice Brandeis took no part in the consideration of the case. Justices McReynolds and Holmes in dissenting from the majority opinion took exception to the court's assumption of jurisdiction rather than to the findings themselves.

Wickersham on behalf of the banks and by Messrs. Marshall Bullitt and Frank Hagerman on behalf of the complainant. In its conclusions the court expressed its conviction that "the contention of the government and of the appellees that these banks are constitutionally organized and the securities here involved legally exempted from taxation must be sustained."

A review of the numerous briefs submitted by counsel for appellant shows that the case against the farm loan act was based upon three contentions as follows:

1. That Congress has no power under the Constitution, either expressed or implied, to create a corporation for the purpose of conducting a farm-mortgage loan business.

2. That Congress could not acquire power to create a series of corporations to engage in this business or to exempt them from all state control by the mere expedient of calling them "banks" and endowing them with the possible function of acting as financial agents or depositaries of public money.

3. That in view of the unconstitutionality of the act, the tax exemption clause cannot be sustained.

It can hardly be said that the above contentions were adhered to rigidly throughout the entire course of the litigation proceedings. On the contrary, there was a good deal of diversity, at least on the matter of emphasis, in the method of attack that was followed. In the earlier hearings, the case against the government was based chiefly on the contention that Congress had no power under the Constitution to create land banks or to appropriate public money for the purpose. In the final brief, submitted upon re-argument, counsel for the appellant seemed partly to admit the power of Congress to appropriate money for the creation of the land banks and to exempt their bonds from federal taxes. They contended, however, that these bonds are at least subject to state taxation, and that, after all, "tax exemption is the real issue sought to be settled here."

In support of the contention that Congress has no power to create federal and joint-stock land banks, it was pointed out that the decisions of the Supreme Court in *McCulloch v. Maryland*,² etc., afford no basis for the creation of land banks; that the implied power of Congress to incorporate a bank under article 1, section 8, clause 18 of the Constitution was based upon the ground that in order to carry out the express powers to collect taxes, to borrow money, to regulate commerce, to carry on war and to raise and support armies and navies, it was absolutely necessary for the government to conduct fiscal operations; and that the corporations created under the farm loan act were not

²4 Wheat, 316.

intended "as a machine for the fiscal operations of the government," nor were they designed to engage in a commercial banking business. On the contrary they (especially the joint-stock banks) were intended primarily as private profit-making institutions and were non-essential to the performance of any governmental function.

The position taken by Ex-justice Hughes on this point on behalf of the federal land banks was that the agricultural interests of the country are of public national concern and relate directly to general welfare; that Congress has the power to appropriate the public money to such purposes; that the machinery created by the farm loan act was intended to stimulate the cultivation of the soil and to promote agricultural development; and that Congress could therefore appropriate money and lend it to farmers at low interest rates. It was argued by Ex-attorney General Wickersham, representing the joint-stock land banks, that in creating corporations to engage in the business of making farm loans, Congress had merely exercised its power to establish agencies to perform necessary and essential governmental functions.

In deciding this point, on which the other issues involved were really dependent, the court by Justice Day said:

Since the decision of the great cases of *McCulloch v. Maryland*, 4 Wheaton 316, and *Osborn v. Bank*, 9 Wheaton 738, it is no longer an open question that Congress may establish banks for national purposes, only a small part of the capital of which is held by the Government, and a majority of the ownership in which is represented by shares of capital stock privately owned and held; the principal business of such banks being private banking conducted with the usual methods of such business.

In answer to the contention that land banks are not comparable in function to the commercial banks which Congress has from time to time authorized and which have been held to be within the power of Congress to authorize, the court held that:

A bank may be organized with or without the authority to issue currency. It may be authorized to receive deposits in only a limited way. Speaking generally, a bank is a moneyed institution to facilitate the borrowing, lending and caring for money.

And by way of justifying reasonable liberality in construing the implied powers of Congress, the court referred to the decision in *First National Bank v. Union Trust Company*³ where, after reviewing *McCulloch v. Maryland* and *Osborn v. Bank*, the chief justice, speaking for the court, said:

In terms it was pointed out that this broad authority was not stereotyped as of any particular time but endured, thus furnishing a perpetual and living sanction to the legislative authority within the limits of a just discretion enabling it to take into consideration the changing wants and demands of

³ 244 U. S. 416, 419.

society and to adopt provisions appropriate to meet every situation which it was deemed required to be provided for.

The opinion of the court as above quoted touches also upon the second contention of the appellant, namely, that it was not the purpose of Congress to provide agencies which were intended to perform essential and necessary governmental functions, and that section 6 of the act providing that the Secretary of the Treasury might designate any of the federal or joint-stock land banks as depositaries of public money and financial agents of the government was merely a device to make valid what would otherwise be unconstitutional.

There can be no question but that section 6 of the act was a subterfuge. While the bill was pending in Congress, Senator Hollis and other friends of the measure had such grave doubts as to its constitutionality that they openly admitted the necessity of endowing the proposed land banks with some governmental function however unnecessary and incidental to the main operations this function might be. Senator Hollis, for instance, made the following statement on the floor of the Senate:

The constitutional features of the bill have given me great concern. . . . If any friend of the bill can think of any other feature that should be added to it to make the bill surely constitutional, I would very gladly welcome it.⁴

Responding to the call for help, Senator Cummins later made the significant statement:

In this case, however, the chief purpose of the corporation, as avowed by all who have spoken on its behalf and as I think will be admitted by everybody, is to secure a lower rate of interest to those who borrow from the land banks; that is its only object. It is necessary, however, to find some governmental purpose, however slight or insignificant, in order to invoke the authority of Congress in the incorporation, and, therefore, it is declared that these land banks shall be public depositaries, . . .⁵

Not only is it true that the land banks were not intended by Congress to become necessary governmental agencies, but there is also the fact that these banks have not been designated as government depositaries or financial agents, except that during the summer of 1918 the federal land banks at Wichita, St. Paul, and Spokane were temporarily designated as financial agents of the government for the sole purpose of making seed grain loans to drought-stricken farmers.⁶ No joint-stock land bank, however, has ever been used even temporarily for this purpose.

It is possible that the court felt constrained to consider carefully

⁴ *Congressional Record*, vol. 58, p. 7026.

⁵ *Ibid.*, p. 7946.

⁶ For details see *Annual Report of the Secretary of the Treasury*, 1919, pp. 139-144.

the fact that in section 6 Congress had deliberately maneuvered to safeguard the constitutionality of the act and thereby to accomplish the real purpose it had in mind, namely, to reduce the rate of interest to farmers. But the issue is clearly disposed of in the decision. Referring again to the decision in *McCulloch v. Maryland* which involved, among other things, the right of Congress to establish the Second Bank of the United States, the court said:

That the formation of the bank was required in the judgment of the Congress for the fiscal operations of the Government, was a principal consideration upon which Chief Justice Marshall rested the authority to create the bank; and for that purpose being an appropriate measure in the judgment of the Congress, it was held not to be within the authority of the court to question the conclusion reached by the legislative branch of the Government.

And again:

The existence of the power under the Constitution is not determined by the extent of the exercise of the authority conferred upon it. Congress declared it necessary to create these fiscal agencies, and to make them authorized depositaries of public money. Its power to do so is no longer open to question.

But, it is urged, the attempt to create these Federal agencies, and to make these banks fiscal agents and public depositaries of the Government, is but a pretext. But nothing is better settled by the decisions of this court than that when Congress acts within the limits of its constitutional authority, it is not the province of the judicial branch of the Government to question its motives.

In sustaining, *in toto*, the power of Congress to establish land banks which, though incidental to their main function, *might* be employed as public depositaries and financial agents of the government, the contention of counsel for the appellant that the exemption of farm loan bonds from federal taxation could not be sustained, naturally fell to the ground. In this connection the court said:

Deciding as we do, that these institutions have been created by Congress within the exercise of its legitimate authority, we think the power to make the securities here involved tax exempt necessarily follows. This principle was settled in *McCulloch v. Maryland*, and *Osborn v. Bank, supra*.

There remained only the argument that even though farm loan bonds were legally exempt from federal taxes, they would still be subject to state taxation because they were not real or essential instrumentalities of the federal government. To hold otherwise, it was argued, would permit Congress to encroach little by little upon the taxing power of the states merely by designating taxable objects as "instrumentalities of the government of the United States" until there would remain nothing for the states to tax and they would be destroyed on account of their inability to raise revenue.

Without attempting to deal specifically with the logic in this argument, the court quoted Chief Justice Marshall's famous "power to 'destroy' doctrine" as laid down in *McCulloch v. Maryland* and held that:

The exercise of such taxing power by the states might be so used as to hamper and destroy the exercise of authority conferred by Congress, and this justifies the exemption. If the states can tax these bonds they may destroy the means provided for obtaining the necessary funds for the future operation of the banks.

And the court added significantly, "With the wisdom and policy of this legislation we have nothing to do."

The fundamental reason for this litigation together with the results that have followed and may be expected to follow will now be noted.

It is no secret that although one Smith was the original complainant in what was purely a test case, it was at the instance of the farm mortgage bankers that proceedings were instituted. They were the ones who were vitally interested in having the farm loan act declared invalid, especially that provision in the law exempting farm loan bonds from taxation. For good cause they feared the competition of the federal land banks less than that of the joint-stock banks, and it was therefore against the latter that their attack was concentrated throughout the litigation proceedings.

That the joint-stock land banks promised to be the more dangerous competitors is shown by the record of their progress. Up to November 30, 1918, nine joint-stock banks had been organized. Their paid-in capital amounted to \$2,010,850 and the volume of their loans was \$7,289,870 or less than 5 per cent of the total volume of loans outstanding under the entire system. By July of the following year, when proceedings were instituted, twenty-one joint-stock banks had been organized with a total paid-up capital of \$5,308,000. On November 30, 1919, there were thirty joint-stock banks in existence with a paid-up capital of \$8,638,650 and total outstanding loans of \$54,126,357, or more than 16 per cent of the volume of loans granted under the entire system.*

Even more striking has been the rate of progress of the joint-stock banks when the results for particular months are noted. During November, 1918, the loans made by these banks amounted to 15 per cent of the total for the entire system. During the corresponding month of 1919, their loans represented 38 per cent of the business of the

* For a review and criticism of this doctrine as now applied see the writer's article "Investment Securities and Tax Exemption," *Washington University Studies*, vol. VII, Humanistic Series, no. 1, 1919, pp. 6-14.

* Data from *Third Annual Report of the Federal Farm Loan Board*, 1919, pp. 3-4.

system for that month. So rapid was their progress during the year 1919 that the Federal Farm Loan Board expected them to transact over 40 per cent of the total land bank business for the period November 1, 1919 to May 1, 1920.⁹

But it was not alone the actual and potential growth in the business of the joint-stock banks that aroused the antagonism of the farm mortgage bankers. Of even greater importance was the fact that these banks, unlike the federal land banks, confined their operations chiefly to the more highly developed agricultural sections of the country which were already served by the old line mortgage agencies. Of the twenty-one banks, for instance, which had been organized before July, 1919, nine were chartered to do business in Iowa (and in all cases one other contiguous state), five in Minnesota, three in Illinois, and three in Nebraska,¹⁰ etc. There can be no question but that the joint-stock banks found their most profitable field for operation in the states which rank first in agricultural development, and that the growth in the volume of their business was largely at the expense of the farm mortgage companies rather than the federal land banks. Under these conditions, it was but natural that the farm mortgage bankers should attack the constitutionality of the farm loan act, especially that section of the law exempting farm loan bonds from taxation.

But if tax exemption gave the joint-stock banks any substantial advantage over the farm mortgage companies, why did not the latter re-organize their business under a federal charter and secure the same privileges?

The reason for their hesitancy in joining the system was twofold. In the first place they had attempted as early as October, 1917, to secure certain changes in the law which would enable them to come into the system as federal corporations and to operate on terms of equality with federal land banks without prejudicing their earning

⁹ *Ibid.* One reason for the greater rate of progress shown by the joint-stock banks is the fact that they make larger individual loans. Up to November 30, 1919, the average size of loans made by these banks was \$9,308, while the amount loaned by the federal land banks on the same date represented an average of \$2,637 per loan. There is a legal limit of \$10,000 to the size of individual loans that federal land banks may make, and no legal limit to the amount that joint-stock banks may lend to individual borrowers. In the exercise of its general supervisory powers, however, the Farm Loan Board has ruled that a joint-stock bank may not make a loan to any one borrower in excess of 15 per cent of its capital stock, nor in any case in excess of \$50,000. (*Third Annual Report, 1919*, p. 4.)

¹⁰ For full details as to name and location of joint-stock banks and the states in which they are authorized to operate, see *Hearings before the Committee on Banking and Currency of the House of Representatives on H. R. 8159, 66 Cong., 1 Sess.*, p. 27.

power or methods of doing business during the experimental stage of their existence. The changes¹¹ which they proposed in the law were entirely reasonable and in keeping with the place that private enterprise should occupy in the farm loan system. But their proposals failed to receive the endorsement of the Federal Farm Loan Board, and the matter got no further.

In the second place, largely as a result of the numerous conferences that were held between a special committee of the Farm Mortgage Bankers Association and the Federal Farm Loan Board, there developed a feeling that the board was hostile toward those sections of the law pertaining to joint-stock land banks, and it was generally concluded that these institutions would not be accorded fair treatment in the system.

However much there may have been at the time to warrant this feeling, subsequent events seem to have justified the premonitions of the farm mortgage bankers. The board is now none too friendly toward the joint-stock banks. It has viewed with some concern their remarkable progress due to their "ability to sell a standard form of tax free security";¹² the Secretary of the Treasury has definitely recommended the withdrawal of the tax exemption privilege from all their future bond issues;¹³ and the board has not only endorsed a bill introduced in the Senate to accomplish this purpose, but has also stated its conviction that "the federal land banks can fully serve all those classes of farm borrowers who are within the reasonable purview of the act."¹⁴ This statement, made while the constitutionality of the farm loan act was being considered by the Supreme Court, was prompted ostensibly by the fear that in view of the rapid increase in the number of joint-stock banks, the growth in the volume of their business, and the condition of the investment market, it might become impossible to dispose of farm loan bonds in sufficient quantities to keep both federal and joint-stock land banks in operation.¹⁵

The fears of the board lest the federal land banks be obliged to discontinue their operations were realized, but for a totally different reason. The institution of proceedings by the farm mortgage bankers seriously affected the operations of the whole system—a cloud was

¹¹ Enumerated by the writer in "The Federal Farm Loan System," *AMERICAN ECONOMIC REVIEW*, vol. IX, no. 1 (March, 1919), p. 73.

¹² *Third Annual Report*, pp. 3-4.

¹³ *Annual Report of the Secretary of the Treasury, 1920*, p. 188.

¹⁴ For details see letter of Geo. W. Norris, Farm Loan Commissioner to George B. McLean, Chairman, Senate Committee on Banking and Currency, Feb. 17, 1920. Reprinted by Farm Mortgage Bankers Association of America as Special Bulletin No. 62.

¹⁵ *Ibid.*

cast upon the validity of farm loan bonds which made them virtually unmarketable. Fortunately, at the conclusion of the Victory Loan campaign in the spring of 1919, bonds had been offered and sold in sufficient quantities to carry the banks to January, 1920; and in anticipation of an early decision by the Supreme Court, some of the banks used their commercial credit and continued lending operations till February. By March 1, 1920, however, their funds were entirely exhausted, and thereafter they remained practically inactive.¹⁶

Believing that the emergency called for public intervention, Congress passed a House joint resolution May 26, 1920, authorizing the Treasury to purchase a limited amount of federal land bank bonds to be secured only by mortgages approved before March 1. The rate on the bonds was raised from 4 1/2 to 5 per cent. On December 31, 1920, the Treasury had purchased bonds to the amount of \$45,400,000 thereby enabling the federal land banks to take care of the greater portion of their definite commitments up to March 1 of that year, and to liquidate their short-time paper.¹⁷

The joint-stock banks received no aid from the national treasury during the litigation period, yet in the fourteen months, October 31, 1919, to December 31, 1920, the number of banks increased from 25 to 30 and the volume of loans outstanding from \$48,092,816 to \$77,958,642. During the same period the number of national farm loan associations increased from 3,862 to 3,966 and the volume of federal land bank loans from \$271,317,816 to \$349,678,987.¹⁸ Not only was the rate of progress of the joint-stock banks much greater than that of their competitors, but they transacted over 28 per cent of the new business of the farm loan system during the fourteen months period. The year 1920 ended, however, with only twenty-seven joint-stock banks in existence, three of the newly organized banks having gone into liquidation under an amendment to the farm loan act approved May 29, 1920, wherein provision was made for the voluntary liquidation of these banks and for the acquisition of their assets and the assumption of their liabilities by the federal land banks.¹⁹

Notwithstanding the fact that the validity of farm loan bonds has been established, there is still some question as to whether the land banks will be able immediately to function. With a view to securing approximate uniformity and a material reduction in interest rates

¹⁶ *The Commercial and Financial Chronicle*, vol. 112, no. 2905 (Feb. 26, 1921), p. 792.

¹⁷ *Annual Report of the Secretary of the Treasury*, 1920, p. 187; also *House Doc. No. 998, 66 Cong., 3 Sess.*, p. 2.

¹⁸ *Annual Report of the Secretary of the Treasury*, 1919, pp. 1085-1091; also *House Doc. No. 998, 66 Cong., 3 Sess.*, pp. 3-5.

¹⁹ For details see *Annual Report of the Secretary of the Treasury*, 1920, p. 186.

throughout the country, the farm loan act fixed the maximum rate that might be paid on bonds at 5 per cent, and the highest rate including commissions that might be paid by borrowers at 6 per cent. With 5 per cent bonds of the federal land banks selling in the open market below par, and with a flood of applications for loans, it is difficult to see how either the federal or joint-stock land banks can meet the farm loan needs of the country without an amendment to the act raising the maximum interest charges allowed, or permitting the sale of 5 per cent bonds below par.²⁰ In any case, it is hardly to be expected that the problem will be easily solved for the joint-stock banks because, even if some liberality were allowed in the rates that could be paid to bond-holders, there is less likelihood that the Farm Loan Board would recommend an increase in the maximum rate that farmers might pay on loans.

There is another and even more serious problem confronting the joint-stock banks. While the Supreme Court has settled the constitutionality of their right under the present law to issue tax-exempt bonds, there is reason to believe that attempts will be made, as in the past,²¹ to amend the law so as to deprive these banks of the tax exemption privilege. Action of this kind would readily meet with the approval of the Farm Loan Board—assuming that the tax exemption privilege was still retained for the federal land banks—and would probably be defended on the ground that “tax exemptions in the case of joint-stock land banks amount to a gift at the expense of the government and the taxpayers generally and should not be continued with respect to these private-mortgage companies organized for private profit.”²² If this point could once be gained, further attempts²³ would doubtless be made, in accordance with the suggestions of Ex-secretary

²⁰ It might be that the board would so construe its powers as to permit the sale of 5 per cent bonds below par. Section 90 of the Federal Farm Loan act having to do with the form of farm loan bonds says merely that “they shall bear a rate of interest not to exceed five per centum per annum.”

²¹ A bill was introduced in Congress (S. 3109, 66 Cong., 2 Sess.) Sept. 30, 1919, by Senator Smoot providing for the repeal of the tax exemption privilege on future bond issues of the joint-stock banks. It is worth noting that while the bill was under consideration by the Senate Committee on Banking and Currency, representations were made to the committee that the joint-stock banks “are likely to encroach upon the legitimate field now occupied by the farm-loan banks unless their activities are restricted.” (Calendar No. 270, Senate Report No. 317, 66 Cong., 2 Sess.)

²² *Annual Report of the Secretary of the Treasury, 1920*, p. 189.

²³ H. R. 8159 (66 Cong. 1 Sess.) provided for an increase in the maximum amount that a federal land bank might lend to a single borrower from \$10,000 to \$25,000. This was in accordance with a recommendation made by the Farm Loan Board in its *First Annual Report* and renewed in the *Second Annual Report*.

of the Treasury Houston, to enlarge the powers of the federal land banks and permit them to make any loan now authorized by joint-stock banks so that "there would be no curtailment of the financial benefits to agriculture provided by the act."²⁴

Manifestly, the status of the joint-stock banks is unsettled and insecure. Unless they find a friend in the new administration it is doubtful whether they will be able to hold their own in the farm loan system. It is certain, at least, that if the policies which have been recommended to date were carried out, many of these institutions would be compelled to go into "voluntary" liquidation and few new banks would be established, because they would have the greatest difficulty in competing with the federal land banks so long as the latter were allowed to make large individual loans and to issue tax-exempt bonds. It remains to be seen just what attitude the new administration will take toward these proposals.

It is unfortunate for the joint-stock banks, and for sound public policy as well, that the constitutionality of exempting farm loan bonds from federal taxes has been sustained. At most, the joint-stock banks can derive but a temporary benefit from tax exemption—in view of the needs of the national Treasury and the demand for an equitable distribution of the tax burden—while for political reasons it may prove to be exceedingly difficult to withdraw the tax exemption privilege from bonds of the federal land banks. It should be noted, however, that (1) no valid argument can be advanced to support the policy of exempting the bonds of federal land banks from taxation which does not also apply to bonds of the joint-stock banks, and that (2) the evils²⁵ of tax exemption in a system of progressive taxation are so great that under no circumstances should the bonds of either type of bank be exempt from federal income taxes. General recognition of these fundamentals would not only be a desirable step in the direction of tax reform, but would also remove once and for all the opportunity to use the tax weapon as a means of discriminating against the joint-stock banks, and would strengthen materially the position of private enterprise in the farm loan system.

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²⁴ *Annual Report of the Secretary of the Treasury, 1920*, p. 189.

²⁵ For a discussion of the arguments for and against tax exemption see the writer's article "Investment Securities and Tax Exemption," *Washington University Studies*, vol. VII, Humanistic Series, no. 1, 1919, pp. 3-29.

RAILWAY SERVICE AND REGULATION IN PORT TERMINALS

The regulation of transportation in the United States has been the outgrowth of a theory which has demanded competition among common carriers. Our early railroads were short and disconnected lines and the regulation, if any, was local in character. As these roads lengthened out into systems many difficult problems presented themselves and the relation of common carriers to industries took on a new significance. This was not appreciated for some time and the carriers in this country were left without adequate control for more than half a century. Even at the present time our legislation does not recognize sufficiently the fundamental principles of economics which should be applied to the transportation business. Our theory of railroad control in this country has apparently assumed that carriers and industries belong to the same class. The principles of economics which might apply to certain industries have been carried over into railway regulation, and it has been impossible, therefore, for carriers to render the kind of service which the public has a right to expect. Nor will carriers render the service which they should until legislation forces them to do certain things they will not do under present railway legislation.

In this country as compared with European countries we had little regulation of railway building. For many years railroads were built parallel to each other; in some instances, merely to force the original road to buy out the newcomer in order to prevent rate wars. In France, on the other hand, the regulation of railway building was of such character that railroads were planned by engineers under direction of the French government. Generally speaking, the roads there radiate out from Paris like the spokes in a wheel. The ambitious promoter of railroads did not find a fertile field in France. In this country, in addition to much parallel building, certain roads secured most of the valuable land suitable for terminal transportation and it has been difficult for late comers in our important terminals to render efficient service to the public.

The lack of regulation of railroad building in America has had some very unfortunate results. It resulted in excess of railroad mileage over needs throughout many portions of the country and it brought monopoly control of terminal facilities. Charles Francis Adams pointed out in 1875 that in this country railroads were built out into sections where nobody lived and from that point on out to where nobody cared to go. The excess of transportation facilities continued until about 1905 and it meant keen competition among roads. Our parallel mileage has meant more discrimination on the part of carriers

in favor of or against industries than has been the case in other countries. Moreover, it has meant that terminal facilities over which certain roads have had monopoly control have been used to secure traffic that could not otherwise be obtained. It is evident, therefore, that one of the most vital phases of railway regulation for the future is that of the control of transportation service within our important port terminals and in a proper coördination of rail and ocean transportation.

The difficulties now encountered in rendering efficient transportation service in our port terminals may be attributed to three groups of causes: (1) those which concern railroads primarily; (2) those that result from the practice of certain industries; and (3) those due to the lack of foresight on the part of governing authorities in providing for the coördination of all terminal transportation services and facilities.

The traffic which enters important ports is of two kinds: first, traffic destined for points beyond the port, and, second, that for distribution within the port terminal itself. It will not be possible to prevent the clogging of our transportation machinery and the necessity for embargoes upon freight when traffic becomes heavy, so long as all the carriers within our port terminals are permitted to handle traffic in the interest of the individual systems concerned. Railroad control of strategic terminal facilities in our ports has been the natural outcome of competition among our railroads, but it has had some very unfortunate results.

In the first place, government control over railroad rates has intensified railroad competition in terminals; railroads have vied with each other in offering ample terminal facilities and this practice has resulted in duplication of expensive terminals without adequate provision for their physical coördination. Such a policy has meant the purchasing of much terminal land or water frontage by the railroads in anticipation of their needs. Thus we have railroad domination of the New Jersey side of New York Harbor. Some of the unfortunate results of this situation were indicated in the evidence presented to the Interstate Commerce Commission in the notable New York Harbor case. It was pointed out in the decision in this case that railroad rivalry had prevented the establishment of reciprocal switching arrangements and a joint terminal operation of railway facilities on the New Jersey shore. In other words, the lack of a program of unification of facilities has caused carriers to invest large sums in new terminals for their individual use instead of uniting in a common effort to solve in a larger way the terminal problems of our ports. At only a few ports in this country have such unsatisfactory conditions been prevented. New Orleans and San Francisco are conspicuous exceptions to the general rule. Examination of the dockage and wharfage charges

at the various ports in this country indicates that in some instances terminal charges are in addition to the line haul and in other cases are absorbed.¹ Ordinarily these charges are absorbed on traffic coming from competitive territory or in cases in which the railroad receives a certain minimum revenue.

The second unsatisfactory result of railroad competition in our terminals and ports has been the rendering of services in terminals for less than cost. This has been done in order to secure the line haul of the traffic. Testimony was given before the Interstate Commerce Commission in 1912 to the effect that lighterage and other terminal services in New York cost the Baltimore and Ohio Railroad more than the allowance it received for those services out of joint rates; that on this account that railroad had a deficit on its terminal services in New York, for the years 1909-1911, of more than one and one quarter million dollars. In the decision of the so-called Five Per Cent case, the Interstate Commerce Commission said there were many special services being rendered by carriers to shippers for which no special charge or a non-compensatory charge was being made. The commission stated that the compilations prepared by it from carriers' answers to its inquiries showed that the practice of individual roads meant the absorption of enormous expenses by carriers for such terminal services as loading and unloading carload freight, allowing for free time for loading and unloading, collecting and delivering freight, storing freight, furnishing and transporting dunnage, furnishing or paying for wharfage and dockage and other special services.

The third unsatisfactory result of competition in furnishing terminal and port facilities by a number of different railroads is lack of coordination both among the railroads and between rail and water carriers. A common provision in terminal tariffs is to the effect that a railroad does not obligate itself to furnish wharfage, storage, or handling of freight which has not been transported or is not intended to be transported over its line; but that it reserves the absolute right to the use of its piers or docks. In response to an inquiry concerning wharfage rates in New York Harbor for the United States Shipping Board the reply was given by a number of railroads that they quoted no wharfage rates on their piers, for to do so would be to give the impression that they were open to public use, which they said was not desired. In actual practice, such theories frequently mean the refusal of one railroad to permit the use of its terminal facilities by other roads unless it receives the line haul of the traffic. From the land end of transportation it is the switching service which must be depended

¹ *Terminal Charges at United States Ports*, prepared under direction of C. O. Ruggles (U. S. Shipping Board publication, May 1919), pp. 181.

upon to unify the port in the movement of cars from one waterfront to another with the least possible delay. But, as a matter of fact, there is often much delay and sometimes refusal on the part of carriers in rendering switching service for each other. What this means at Boston, for example, may be seen from the *Second Annual Report of the Commission on Waterways and Public Lands*, in which it is stated that the time limits are marked by the "number of days involved rather than hours," and where "charges are several times as large as those made under better organized conditions." The President of the Port of Seattle, before the American Association of Port Authorities in 1917, pointed out that at that time, the Northern Pacific switching tracks on Seattle's marginal streets were divided into "thirteen districts or zones each having a switching rate ranging from \$1.50 to \$12."

The refusal of a railroad to do switching when import or export freight is involved means inefficiency of both rail and water transportation. For example, if railroad *A* refuses to accept freight in switch movement from railroad *B* when it is to be exported from the piers of railroad *A*, this means that railroad *B* is compelled to lighter the cargo to the vessel at the pier of railroad *A* or the vessel must shift to the piers of railroad *B* after taking on its cargoes at the piers of railroad *A*. Likewise, if part of the cargo of the vessel is destined to points not located on the line of the railroad at whose piers the vessel docks, this cargo must be lightered to the piers of the railroad over which it is to be carried or the vessel must shift in order to discharge the cargo at the piers of the road which is to have the line haul. Such a practice makes as many separate ports within a port as there are deep water terminals controlled by the different railroad companies. It sometimes means too that there is congestion at the water terminals of some railroads while others are not used to their capacity. This inefficiency in terminal services, which means imperfect coöordination of rail and water carriers, makes embargoes upon traffic necessary. The effects of these embargoes extend far into the interior. Obviously the restriction of strategic port terminal facilities to its own use is an attempt by the railroad to secure a line haul of the traffic. While this is a failure to appreciate that railroads are common carriers, it is, as has been said, the logical result of railway competition in the furnishing and in the operation of terminal facilities.

The second group of causes which are responsible for the inefficiency in our port terminals relates to the fact that industries now occupy certain locations which should be devoted to transportation services only. There are two important functions which ports, for example, must serve, industrial and commercial. Generally speaking, the industrial function is the use of the port in serving local needs, whereas

the commercial function involves the use of the port as an essential link in commerce. Frequently the two uses are confused and there is inefficiency in both. The industrial use of the port through the appropriation of deep waterfront is an old and common practice in American ports. Industries have had great difficulty in securing efficient railway service within ports and hence they have frequently secured a location on the waterfront itself where they might be able to avail themselves of lighterage services and to gain a more direct connection with ocean carriers, thus making themselves practically independent of rail transportation. Every port has a right to develop industrially. It is in the interest of society that it should; for it is frequently there that greatest efficiency in industrial processes can be obtained. Statistics of manufactures show that this fact is recognized. Rail carriers are interested in transporting raw material away from the port to some point in the interior where it is manufactured and returned to the port for export or distribution within the country, thus giving the railroad a haul in both directions. But has any port the right to develop industries on its waterfront in such manner as to interfere with the function of the port as a link in the chain of world commerce? Ocean-going vessels can be accompanied only at the deep waterfront. Industries, on the other hand, can be served back some distance from the waterfront if efficient rail service is provided. In New York Harbor at the present time the dockage facilities on the Manhattan side of the North River are being used by vessels that could be accommodated in the East River or elsewhere. There are vessels now using the waterfront of the North River that draw no more than 17 feet of water and they are occupying berthing space which ought to be available to ocean-going vessels that draw 35 feet of water. It is interesting to observe that the Director of the Port of New York recommended in November, 1918, the shifting of the Sound steamers to the East River. In making this recommendation he pointed out that, in addition to providing greater accommodation for ocean-going vessels, such a change would eliminate the trip of the Sound steamers around the Battery, saving sixty miles of useless navigation per day and relieving much of the congestion at that point; also that if the freight carried by the Sound steamers were discharged in the East River it would greatly relieve congestion from drayage in certain parts of Manhattan and make effective use of streets which at present are used much under capacity. It is evident that the Sound steamers use North River because it means cheaper service and greater convenience for certain industrial interests in lower Manhattan. The fourth preliminary report on the port of New York by the New Jersey Harbor Commission contains evidence showing that certain sections of New York Harbor

frequently have become congested while other portions with great commercial possibilities have remained undeveloped; that private interests have acquired by purchase or lease the best localities in the harbor and, in the absence of any general authority, have planned their terminals for individual needs, which were often not for the benefit of the port as a whole. In contrast to the policy in the port of New York, New Orleans has complete control over her waterfront. It is true that the Illinois Central Railroad now holds a portion of the waterfront at that port, but this can be taken away from it at any time the port authorities of New Orleans deem such action to be in the interest of the port. In the improvement which is now going on in New Orleans attempt is being made to reserve the deep waterfront of that port for commercial uses. New Orleans is now preparing industrial sites and constructing canals which will enable industries although located some distance from the waterfront to use lighterage services in the making or receiving of deliveries. New Orleans, San Francisco, and some other Pacific ports have made much headway in preventing the conflict of the industrial and commercial uses of a port.

The third group of causes of inefficiency in our ports has been due to the lack of foresight on the part of governing authorities in securing the coördination of transportation services within our port terminals. It was natural that industries and railroads should have been given what they asked in the early history of port development. Hence railroads and industries secured control, many times through actual ownership, of much deep water frontage which never should have been surrendered to them. Railroad maps of many of our important ports show clearly that railroads not only attempted to secure exclusive control over deep water frontage but that they located their lines in such manner as to make it impossible for other railroads to secure waterfront privileges without consent of the road already located in the port. It is strange that cities have not appreciated that it is to their interest to secure the actual ownership of waterfronts and to control them in such manner as to prevent inefficiency of transportation within their harbors. But even in cases where the cities have secured the ownership of their waterfront they have not always taken advantage of their opportunities. For example, New York owns most of its waterfront but has been following the policy of granting long-time leases, which has resulted in loss of control of the water frontage as definitely as if that city had resold its water frontage to individual interests. Charges and services have not been controlled by the city but have been determined by private interests that have held the long-time leases. Cities have found it profitable to lease their waterfront because it has meant a definite amount of revenue for the city treasury.

But the question may be asked whether cities should be permitted to use their waterfront as a revenue producing facility, and so cause expense and inconvenience to the country at large. For example, would it not be as logical to permit New York City to retain the customs duties collected at that port upon the commerce of the United States as it is to permit a use of the harbor which produces revenue for the city treasury at the expense of the country's commerce.

What remedy can be found for the present inefficiency of transportation service in our port terminals? Some authorities have held that our present difficulties are due to certain features of past railway legislation and that with the repeal of that legislation nothing more is necessary. But it does not appear that repeal of legislation prohibiting certain railway combinations is sufficient. It is not reasonable to expect (human nature being the same in the railroad as in other businesses) that the railroad which enjoys a strategic position in a terminal will voluntarily give up its monopoly advantages by granting to other roads privileges which will mean the dividing of profits with those roads. Hence railroads in important port terminals must, apparently, be required to relinquish their rights to individual ownership of railroad facilities in such terminals. This would not necessarily mean government ownership or government operation of terminal facilities. Separate terminal companies could be organized that would have no more interest in the business of one carrier than in that of another.

If the control of all terminal facilities were in the hands of a separate terminal company, many economies could be realized in the handling of freight destined for points beyond the terminal or to the terminal itself. The operation of a belt line by a separate terminal company receiving freight from all carriers on equal terms would expedite the movement of freight from rail to ocean carriers and vice versa, and would also lessen the time and effort required for the distribution of freight destined for the port terminal itself. We permitted railroads at one stage of our development to take, through eminent domain, land from private parties to be used for common carrier purposes. With the enormous growth of certain of our port terminals and the increase in the number of carriers which now are in need of terminal facilities, it ought to be clear that the same rule of eminent domain which was applied to secure the land for an individual railroad should now be applied to secure the land and all other terminal facilities for the port terminal transportation companies. In other words, individual railway ownership and control of port terminal facilities should no longer be permitted in our important port terminals. If such ownership were eliminated it would be much easier to give more efficient transportation service at much less expense. This would mean

the division of freight rates in carrier accounts into a line haul charge and a terminal charge. This would not need to annoy shippers, as they would not know that such a division existed; but it could be recorded in the railway accounts, and the terminal services could be made to yield sufficient revenue to cover the cost of terminal services. This would prevent a carrier from using its advantages in terminal location to secure for itself more line haul traffic. In other words, as at present managed, the absorption of many terminal charges by railroads is the means by which traffic may be inveigled to travel over a certain line.

But the elimination of individual railroad ownership and control of port terminal facilities will not solve all our terminal problems. It will be necessary also to compel certain industries to relinquish important port terminal holdings that ought to be used for transportation purposes. The right of eminent domain should be exercised in dislodging interests that now occupy important deep water frontage. In our ports private interests often have exclusive contracts with ocean or rail carriers and these interests are often responsible for the securing of certain exclusive contracts between rail and ocean carriers; all of which may mean more business for the private interests involved and more traffic for certain rail and ocean carriers. From the standpoint of the public, however, it means an inefficiency in the use of facilities which in turn slows up the movement of traffic in our port terminals often causing embargoes throughout the entire country. The Transportation act of 1920 might possibly be construed so as to enable the Interstate Commerce Commission to accomplish much in unification of port terminal facilities. But the fact that the conference committee excluded the provisions for compulsory consolidation makes it doubtful whether the Interstate Commerce Commission would feel justified in adopting a vigorous program of compulsory consolidation; and nothing short of such a program will ever give to the public what it has a right to expect in efficient terminal service.

Finally, it is evident that if a program of compulsory consolidation is to be carried out, it will be necessary to recognize the jurisdiction of the national government over terminals and ports that are of national importance. New York City, Baltimore, Philadelphia, Boston, or other ports, should not be permitted to handle their port terminal facilities in such manner as to interfere with the efficiency of transportation from the standpoint of the shippers in Kansas, Colorado, or Iowa. At the present time there are three important railroads controlling the port of Boston, dividing it, in reality, into three separate ports. In Norfolk, Virginia, for example, although a belt line company handles domestic freight, one of the eight railroads there, the Norfolk and Western, controls the important deep water terminals and hence very

largely controls the movement of exports and imports at that port. This road uses its deep water terminals as a means of practically compelling traffic to come in over its own lines if it is to be exported from the Norfolk and Western deep water piers. It likewise places restrictions upon the acceptance of cargo from an ocean liner on its deep water piers unless that cargo is destined for some point on its own system.

Such lack of coördination in port and terminal facilities very often means liberal profits to the carrier or carriers advantageously located within the port, for they are not seriously concerned with the fact that freight congestion exists on their lines. In fact, congestion means to them as individual companions very liberal profits. From the standpoint of the public, however, it is clear that it is not desirable to have congestion of freight within a portion of a port terminal and certain other facilities within the port used much under their capacity.

In conclusion it seems evident that we cannot much longer permit railway companies, private industries, ocean carriers, cities or even states to maintain a policy within our important port terminals which may be profitable to certain interests but against the best interests of commerce generally. If this reasoning is sound we shall continue to have difficulties in this country until federal legislation is enacted which will direct the Interstate Commerce Commission or other authority to compel consolidation of all important port terminal facilities under one ownership and management. The public must insist upon the complete unification and coördination of these important facilities if it is to have sufficient and efficient transportation service.

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FAMILY BUDGETS AND WAGES

Since the days of LePlay and Engel there have been recurrent waves of interest in collecting and analyzing family budgets. The cost and standard of living have been studied in connection with investigations of factors entering into international trade;¹ to determine the living conditions of wage-earners;² to provide standards of normality for the administration of poor relief;³ as companion studies to wages investigations;⁴ and to secure a basis for the establishment of minimum wage rates.⁵ The earlier studies were made on broad lines and such conclusions as were drawn were usually qualified to safeguard their specific use. Many of them were incidental to more comprehensive investigations of trade or social conditions. The later studies were often made for the express purpose of affording a basis for settling wage disputes. From the early investigations of expenditures and of goods consumed

¹ Massachusetts. Bureau of Statistics of Labor, *Sixth Annual Report* (1875), pp. 189-450; United States. Commissioner of Labor, *Sixth Annual Report* (1890), part III; *ibid.*, *Seventh Annual Report* (1891), vol. 2; Great Britain. Board of Trade, *Cost of Living in American Towns* (London, 1911).

² Charles Booth, *Life and Labour of the People in London* (1902), vol. I, pp. 130-146; B. Seebohm Rowntree, *Poverty: A Study of Town Life* (1901), chs. VIII-IX; United States. Commissioner of Labor, *Eighteenth Annual Report, Cost of Living and Retail Prices of Food* (1903); Louise B. More, *Wage-Earners' Budgets* (1907); United States Bureau of Labor, *Report on Condition of Woman and Child Wage-Earners in the United States*, vol. XVI, *Family Budgets of Typical Cotton Mill Workers* (1911); United States Bureau of Labor Statistics, "Cost of Living in the United States," *Monthly Labor Review*, May, 1919, and succeeding months; *ibid.*, "Cost of Living in the District of Columbia," *Monthly Review of the U. S. Bureau of Labor Statistics*, Oct., Nov., Dec., 1917; Margaret F. Byington, *Homestead: The Households of a Mill Town* (1910); National Industrial Conference Board, *The Cost of Living Among Wage-Earners, Fall River, Mass.*, Research Report No. 22 (1919); *Lawrence, Mass.*, Research Report No. 24. (1919); *North Hudson County, N. J.*, Special Report No. 7 (1920); *Greenville and Pelzer, S. C.*, and *Charlotte, N. C.*, Special Report No. 8 (1920); *Cincinnati, Ohio*, Special Report No. 13. (1920); *Worcester, Mass.*, Special Report No. 16. (1920); Little and Cotton, *Budgets of Families and Individuals in Kensington, Philadelphia* (1920).

³ Robert C. Chapin, *The Standard of Living in New York City* (1909).

⁴ J. C. Kennedy, *Wages and Family Budgets in the Chicago Stockyards District* (1914); United States. Railroad Administration, *Report of the Railroad Wage Commission to the Director General of Railroads*, April 30, 1918.

⁵ State of New York. *Factory Investigating Commission. Fourth Report*, (1915), vol. IV, pp. 1461 ff.; New York City, Board of Estimate and Apportionment. *Report on the Cost of Living for an Unskilled Laborer's Family in New York City*, submitted by the Bureau of Standards to the Committee on Salaries and Grades (1915); *ibid.*, *Report on the Increased Cost of Living for an Unskilled Laborer's Family in New York City*, prepared by the Bureau of Personal Service, 1917; Dallas Wage Commission, *Report of Survey Committee* (1917); Bureau of Municipal Research of Philadelphia, *Workmen's Standard of Living in Philadelphia* (1917).

by actual families the content of a fair minimum standard of living for a given group of wage-earners in a given locality was frequently developed, and the probable cost of maintaining it was roughly worked out from budgets of those families studied who met certain objective tests of adequacy of food, housing, clothing, and other necessary items. A number of the later studies aimed to establish an ideal standard and did not purport to be a measure of the prevailing cost of living.

So far as is known, up to the period of the world war, no extensive use was made in this country of family budgets for the purpose of adjusting wage rates, although they were often used by relief agencies as a criterion of the support being given to dependent families.⁶ In 1915, however, a study of the cost of living on the budgetary plan was made specifically for the purpose of establishing rates of wages for unskilled laborers in the employ of the city of New York.⁷ In 1917 and succeeding years a number of studies of the cost of living were made for use in wage arbitrations.⁸ Cases coming before the National War Labor Board were frequently decided on the basis of budgetary studies of the cost of living; and in 1920 the settling of important street railway disputes, of the demands of the railroad employees and of the miners in both the bituminous and the anthracite fields turned largely upon the accuracy of cost of living figures introduced as evidence.

In estimating the minimum cost of maintaining a fair standard of living in this country it has usually been considered not enough to accept the average of what families actually are spending, since the standard at which they live may be deficient at one or more points. Moreover, comparisons are not possible unless all are related to the requirements of families having the same or similar attributes. In practice, therefore, the needs of a family of five persons, as determined either by expenditures of actual families who met certain standards or by theoretical considerations of what such a family required, have been the basis of estimates of the minimum cost of living. Originally this family of five and its needs seems to have been regarded as a convenient measuring unit only, and where used in case work by charitable societies the requirements of families of varying sizes have been estimated

⁶ Budgets for single wage-earning women have, however, been the basis of adjusting rates in those American states having minimum wage laws, and in England, Australia, and New Zealand, the cost of living of families is at the basis of prevailing wage legislation.

⁷ *Report on the Cost of Living for an Unskilled Laborer's Family in New York City, op. cit.*

⁸ Bureau of Applied Economics, Inc., *Standards of Living*, revised edition, Bulletin No. 7 (1920), pp. 48-63; 92-95; 96-101; 115-117; National War Labor Board, *Memorandum on the Minimum Wage and Increased Cost of Living* (Washington, 1918).

from those of the type family. When, however, the cost of living came to be used in establishing wage rates, the problem assumed a very different aspect. Individual families were no longer dealt with, but the standard and cost of living had to be established for groups of persons without opportunity for adaptation to individual cases.

The use of budgetary studies in case work presents no serious difficulties since standards for families of any size and composition can readily be worked out from standards set for the family of five persons. In wage arbitrations the needs of this same family of five have likewise been taken as a measure of costs with little or no attempt to verify their applicability to the groups under consideration. Such changes as have been made in family budgets, where these have been used for settling wage disputes, have been with regard to the standard of living and not to the type family to which this standard should apply.

The present paper deals with some of the questions which have arisen from trying to use family budgets in adjusting wage rates; it attempts also to indicate to what extent the family of five where the father's earnings are the only source of income is representative of all wage-earner's families.⁹

The Minimum Standard of Living

The matter of family budgets in relation to wages was undoubtedly considered by the United States Anthracite Coal Commission of 1920 more carefully than it has ever been considered by any other such tribunal. Sixteen budgetary studies were introduced in evidence at the hearings before this commission in July, 1920, and the whole theory of the cost of living in relation to wages was discussed in great detail. The argument was somewhat as follows:¹⁰

The principle that wages should merely keep pace with the cost of living was a wartime measure only, to be abandoned now in favor of a new principle which must be adopted as the true basis for wage adjustments. This principle is designed to prevent the "free and relentless play of the forces of supply and demand in fixing wages" and recognizes "that every wage-earner is entitled to a living wage. By a living wage is meant not merely a subsistence rate of pay, but a wage sufficient, after meeting the minimum physical needs of food, clothing and shelter to yield a balance sufficient for a small degree of comfort and to enable

⁹ A report soon to be issued by the National Industrial Conference Board will present in detail a critical analysis of the budgets noted in the present paper.

¹⁰ Before the United States Anthracite Coal Commission, *Summary, Analysis and Statement*, presented by W. Jett Lauck on behalf of the United Mine Workers of America (Washington, 1920), pp. 5 ff. This argument has been used in greater or less detail at most of the wage arbitrations in the United States since 1918.

the wage-earner to secure some reasonable measure of health, recreation and education."¹¹

Hitherto accepted concepts of a fair minimum standard of living were abandoned and in place of the budgets developed by Chapin in 1907, by the New York State Factory Investigating Commission in 1914, and by other students of the standard of living of wage-earners' families, which up to the period of the war had been generally accepted as an adequate measure of the goods and services necessary for the maintenance of a minimum American standard of living, there were offered a new series of budgets developed since 1917, and designed to provide for a standard somewhat above this which is now called a "subsistence level."

The anthracite operators on their part stated at the beginning of the hearings that "so far as the principle of a living wage is concerned, there is no issue between the operators and the miners. The difference consists in what constitutes a living wage and on that experts disagree."¹² They pointed out that the budgets offered by the mine workers as evidence of the cost of living were not for families living in the anthracite region. "No method of determining the specific requirements for a healthy and decent standard of living is practicable," they maintained, "unless it gives due recognition to actual local conditions."¹³ "The only fair and practical test of the wage status of employees in a given industry is an examination of facts bearing upon the general prosperity of the employees where the industry is a dominating one. A living wage is not a definite sum of money."¹⁴ Whether an industry is paying a living wage "can be learned, not by theoretically constructed family budgets, that do not fit the locality under consideration, but by examining the effect of the existing wage scale upon the community."¹⁵ They then cited the prevailing prosperity in the anthracite region and the great increase in savings banks deposits within the last few years.¹⁶

¹¹ *Ibid.*, p. 6.

¹² United States, Anthracite Coal Commission. Second Day, *Stenographic Transcript*, p. 393.

¹³ Before the United States Anthracite Coal Commission, *Exhibits of the Anthracite Operators in Reply to Exhibits Presented by the Anthracite Mine Workers*, (Scranton, Pa., July, 1920), Exhibit No. 12, p. 7.

¹⁴ *Ibid.*, p. 18.

¹⁵ *Ibid.*, p. 19.

¹⁶ Operators Exhibit No. 4; *ibid.*, No. 12, p. 19; United States Anthracite Coal Commission. Sixth Day, *Stenographic Transcript*, pp. 904 ff. One of the strong points made by the company in the arbitration of wages between the Boston Elevated Railway Company and its employees in the spring of 1920 was that the wages paid their men must be sufficient and as good as those paid in other industries, else with the unprecedented opportunities for employment in other occupations there

The problem as to what constitutes a fair minimum standard of living resolves itself, therefore, from the point of view of wage adjustments into three successive questions:

- (a) Can the adequacy of wage-earners' incomes be measured by budgetary standards at all?
- (b) If so, must local studies always be made to establish local conditions, or
- (c) Can studies of standards and costs, made in one locality, be used as a measure of standards and costs in another?

The answer to these questions is not simple. While pragmatic tests of adequacy may seem to justify an existing wage scale, they afford no means of establishing a new scale or of revising one which may appear to be inadequate. On the other hand, the construction of budgets which will fairly represent the minimum requirements of American working-men's families involves much guess work on the part even of those who are most thoroughly equipped to determine, by such objective tests as are possible, requirements of food, house room, clothing, and other items in the family budget.

Up to the time of the war, the budgets collected by Chapin and by other students of budgets which are now described as representative of "*a bare subsistence level* of physical needs only—food, fuel, clothing and shelter" which "provides for a subsistence only just above a *poverty level*, and makes no provision whatsoever for comfort, health, savings, recreation or amusement,"¹⁷ were generally accepted as a fair measure of the minimum standard of living. Nearing, for example, in 1913 mentioned these budgets as affording "to a family what might be described as the decencies of modern American life. Practically no luxuries are allowed, but the minimum comforts are provided and all of the strict necessities of life are made possible."¹⁸ Lauck's study of the sum necessary in 1915 for the maintenance of "a fair minimum of decent, healthful and tolerable living," was based on the budgets collected by Chapin, More, Byington, Kennedy, and on the reports of the New York State Factory Investigating Commission and the New York City Bureau of Standards.¹⁹ Streightoff, in his analysis of the standard of living among the industrial people of America²⁰ and in his re-

would have been a high labor turnover whereas, in fact, almost no men had left the company and there was a waiting list of applicants for employment.

¹⁷ *Summary, Analysis and Statement*, *op. cit.*, p. 17. Italics appear in the original.

¹⁸ Scott Nearing, *Financing the Wage-Earner's Family*, p. 79.

¹⁹ W. J. Lauck and E. Sydenstricker, *Conditions of Labor in American Industries*, pp. 367 ff.

²⁰ Frank Hatch Streightoff, *The Standard of Living among the Industrial People of America*, 1911, chs. II and XI.

port on the cost of living in New York State in 1914,²¹ accepted existing budgets as a measure of a "decent livelihood" and based his own theoretical budget largely upon Chapin's study made several years before.²²

However low may be the standard of living portrayed in these budgets they are not representative of "bare subsistence." This is indicated by a study of the percentage of all expenditures available for sundries. In a period when average wage-earners' families were spending about 20 per cent of their incomes for sundries,²³ within which group lies the greatest margin for expenditures not absolutely essential, Mrs. More's families were spending 21.5 per cent; Chapin's \$800-\$900 income families averaged 16 per cent; Kennedy's families averaged 15.1 per cent; Streightoff allowed 21.8 per cent in New York City and 24.8 per cent in Buffalo in the ideal budgets which he worked up for the New York State Factory Investigating Commission in 1914. These included allowances for recreation and amusement, doctor and medicine, insurance, church, union and lodge dues, carfare, and miscellaneous expenditures. While in no case was the outlay for these items large or even liberal, such budgets can scarcely be spoken of as "sufficient only for meeting the animal needs for food, clothing, and shelter."²⁴

These early budgets were designed to meet minimum requirements only. As such they were based on the expenditures of those families which were maintaining a fair standard of living on the smallest possible sum; or where, as in the case of the investigation for the New York State Factory Investigating Commission or the New York City Board of Estimate and Apportionment, prices were collected and theoretical budgets, subjected to objective tests of sufficiency, were used, the aim was to establish the lowest standard consistent with suitability for American workmen. They represent, therefore, minima above which expenditures might rise as increased incomes permitted, but below which they might not fall without the sacrifice of something essential.

The attempt to revise the earlier concept of a minimum standard of living and to establish in its place one which would permit certain additional comforts was an outgrowth of the use of budgetary studies in wage arbitrations. It is the result of a desire to get away from the needs of the lowest grade, unskilled workers whose wages and cost of living represent the minimum from which all workers are to be graded

²¹ *Report of the Factory Investigating Commission*, *op. cit.*, pp. 1625 ff.

²² Streightoff criticized the Chapin budget at some points and his own budget allowed \$51 more to make up these deficiencies. *The Standard of Living*, *op. cit.*, p. 162; *Report of the Factory Investigating Commission*, *op. cit.*, pp. 1668 ff.

²³ *Eighteenth Annual Report of the Commissioner of Labor*, *op. cit.*, pp. 598, 648.

²⁴ *Summary, Analysis and Statement*, *op. cit.*, p. 17.

up, and is an attempt to estimate the standard of average or high-grade workers. Dr. Peixotto, for example, in describing her budget for San Francisco workers in 1917, speaks of the "typical worker";²⁵ the budget awarded the men in the Seattle and Tacoma Street Railway Arbitration of 1917 was based on a study of family budgets among skilled workers;²⁶ the minimum comfort budget suggested to the National War Labor Board by Professor Ogburn in 1918 was reached by "a study of the workers in the ship yards in the New York District who receive the higher incomes."²⁷

Thus the new standard, put forward in 1917 and known variously as the minimum of comfort budget²⁸ or the minimum standard of wholesome living²⁹ or the standard of health and decency,³⁰ was based on the needs and expenditures not of the lowest grade workers whose living conditions were satisfactory, but of the higher grade, skilled workers. Objective tests of sufficiency of food, housing, clothing, and other items, which figured so largely in establishing the minimum standard in the earlier budgets, were less applicable to the more liberal standard and such subjective considerations as the investigator's opinions of adequacy were often the determining factors in developing content and cost. Such budgets are not representative of a minimum standard in the sense of indicating a level below which no American family should fall; rather they picture an ideal average standard, below which the minimum must fall and above which there will inevitably be a smaller margin than is the case with the true minimum.³¹

Another tendency observable in connection with the employment of family budgets as a measure of the cost of living in wage arbitrations has been the indiscriminate application of budgets collected in one locality for one purpose, as a measure of the standard or cost of living in another.

²⁵ Memorandum on the Minimum Wage and Increased Cost of Living, *op. cit.*, p. 47.

²⁶ *Ibid.*, p. 14.

²⁷ *Ibid.*, p. 14.

²⁸ Bureau of Applied Economics, Inc., *op. cit.*, p. 97.

²⁹ *Ibid.*, p. 115.

³⁰ *Ibid.*, p. 27.

³¹ In presenting the demands of the anthracite miners, while the living wage was placed at \$2,242 annually, the rate demanded for the lowest grade unskilled worker was \$6 a day, which, assuming the maximum days of employment in the industry, would amount to only \$1,836 a year. *Summary, Analysis and Statement*, *op. cit.*, p. 18. Professor Ogburn wrote in 1917, in explaining the minimum comfort budget he prepared for the wage arbitration of Seattle and Tacoma Street Railway employees, that lower differentials could be worked out from the maximum hourly rate his minimum comfort budget required. *Memorandum on the Minimum Wage and Increased Cost of Living*, *op. cit.*, p. 19.

Referring again to the anthracite wage arbitration case, evidence was submitted that "the amounts absolutely necessary for the maintenance of an average family of five persons *on a bare subsistence level of physical needs only* (food, fuel, clothing and shelter), when brought up to May 1, 1920, show the need of an annual earning or income amounting to \$1,772."³² This sum was reached by taking ten estimates of the minimum cost of living, made at various dates from 1905 to 1919, calculating what had been the probable increase in cost between each of these dates and May 1, 1920, and finding the cost of each on this common date. These sums were then averaged and found to have been \$1,772.54, which was said to represent the cost of bare subsistence in the anthracite region in May, 1920.

In similar fashion the cost of six so-called minimum comfort budgets were brought to a common date, averaged, and made to serve as the basis for the statement that "the amount necessary in industrial localities to maintain an average family on the basis of a minimum standard of health, and with a reasonable or small degree of comfort, on the basis of prices in May, 1920 . . . is an average annual wage or earning capacity of \$2,242."³³

Study of this method of determining the cost of living reveals the possibilities of error to have been several. The first and most important is that six of the so-called subsistence budgets were made in or were based upon studies made in the city of New York where living conditions are different from those in any other section of the country. A comparison of the results obtained in three separate investigations made at the same time by identical methods illustrates how different is the cost of living in New York from that in a city so nearby as Buffalo.³⁴

<i>Investigation</i>	<i>New York City</i>	<i>Buffalo</i>
For the New York State Conference of Charities and Corrections, 1907—		
By R. C. Chapin	\$825.00 ¹
By John R. Howard, Jr.	\$675.00 ¹
For the New York State Factory Investigating Commission, 1914—		
By Frank H. Streightoff	876.48	772.48
By the United States Bureau of Labor Statistics, 1918	1525.66	1460.00

¹ Families in Buffalo averaged six persons as against five in New York City.

³² *Summary, Analysis and Statement*, *op. cit.*, p. 17. Italics appear in the original.

³³ *Ibid.*, p. 17.

³⁴ Chapin, *op. cit.*, pp. 281, 316; *Report of the Factory Investigating Commission, op. cit.*, p. 1668; *Monthly Labor Review*, May, 1919, pp. 152 and 158.

The cost of living in Scranton, the only city in the anthracite region where figures were collected by the United States Bureau of Labor Statistics in 1918, averaged \$1,344.99 for a family of 5.2 persons as against \$1,525.66 in New York City for a family of 4.9 persons and \$1,460 in Buffalo for a family of 4.6 persons. In the 92 localities where the study was made, costs varied all the way from \$1,167.12 for an average family of 4.9 persons in Chippewa Falls, Wis., to \$1,919.40 for a family of five persons in Bisbee, Ariz. The average of 12,096 white families was \$1,434.36.³⁵

With so great a difference in the actual cost of living in different places it is plain that not even a rough approximation can be made for any given locality without a special study. When, moreover, the cost in the community where the study was made is based on expenditures of families who were selected to come within a definite income group, as is frequently the case, the danger of not reflecting prevailing conditions is even greater.³⁶

Although increases in the cost of living within the last few years have probably been more uniform in different communities than is the actual cost of living at any given time, these also have varied greatly. According to figures collected by the United States Bureau of Labor Statistics in June, 1920, the cost of living for the country as a whole had increased 110.2 per cent above the level of December, 1914.³⁷ In the city of Detroit, however, this increase was reported to have averaged 136 per cent within the same period, whereas in San Francisco it was only 96 per cent.³⁸ With such a difference in price changes in different cities, it is obvious that any general estimate of increase in the cost of living applied unguardedly to specific localities may give a very erroneous picture of the actual cost of living.

Recent family budget investigations have aimed to establish a so-called quantity budget which would not depend on prices, but would specify amounts, grades, and qualities. It was thought that this would be a convenient measure of the standard of living which could be priced from time to time to obtain comparative costs.³⁹ The best known of

³⁵ *Monthly Labor Review*, May, June, July and August, 1919.

³⁶ Chapin, for example, studied particularly families whose cost of living averaged between \$600 and \$1100 a year; the families studied by the Philadelphia Bureau of Municipal Research in 1917 were chosen so as to exclude those where the principal bread-winner earned more than \$2,000 annually. Other studies in which families were selected on the basis of income were those by the United States Bureau of Labor for the country as a whole in 1901 and for the District of Columbia in 1916; by Howard in Buffalo in 1907; by Straightoff for the New York State Factory Investigating Commission in 1914.

³⁷ *Monthly Labor Review*, Oct., 1920, p. 65.

³⁸ *Ibid.*, September, 1920, pp. 76-80.

these is that worked out for the family of a government employee in the city of Washington. In the wage arbitrations of 1920, this budget was frequently quoted, and it was argued that "what is a standard of health and decency for families of government employees should, in its main outlines, also be the standard of health and decency for families of mine workers."⁴⁰ Difficulties have arisen in pricing the items in this budget in other localities, however. In certain bituminous mining towns of Pennsylvania and Illinois "it was impossible to price a particular article in the community" and "prices furnished by the Bureau of Labor Statistics from other places were used."⁴¹ In the wage arbitration between the Boston Elevated Railway Company and its employees in the spring of 1920, certain budgets were criticized by the men because they did not meet the requirements of the Washington budget. The former admittedly reflected local conditions, but since they failed to meet the Washington standard, even though the latter could not possibly be realized in the communities under consideration because facilities for doing so did not exist, they were rejected by the men as inadequate.⁴²

Obviously there is a great difference between budgets which aim to portray the lowest standard at which American workingmen's families can be expected to live and a standard which it would be ideal for average families to attain. The first, represented by budgetary studies made before 1917 and by the National Industrial Conference Board in 1919 and 1920, have been based on conditions actually prevailing in a specified locality. They were not intended for use in any community other than that in which they were collected. They were in no sense ideal but aimed rather to represent the lowest fair standard of living that could be expected for workingmen's families under existing local conditions. The minimum of comfort or the health and decency budgets, on the other hand, while often based on the expenditures of some families somewhere were frequently those of high grade skilled workers whose standard of living was considerably above what could be considered a fair minimum. They took into account not so much conditions actually prevailing as those which might be found under ideal conditions. They did not, therefore, measure the cost of living but only what would be the cost were it possible to obtain locally all of the items in the budgets which were deemed essential.

⁴⁰ United States Bureau of Labor Statistics, *Tentative Quantity and Cost Budget Necessary to Maintain a Family of Five in Washington, D. C., at a Level of Health and Decency*, 1919; Bureau of Municipal Research of Philadelphia, *op. cit.*

⁴¹ Bureau of Applied Economics, Inc., *op. cit.*, p. 48.

⁴² *Ibid.*, p. 57.

⁴² Boston Elevated Railway Company Arbitration, May 3, 1920, *Stenographic Transcript*, vol. 4, pp. 257 ff.

This difference between the two sets of budgets has not always been kept in mind and confusion has resulted. The anthracite mine operators, for example, brought out in the testimony that housing such as was specified in the budgets presented to them as a measure of the cost of living of their employees was not typical of the localities they were interested in. The Boston Elevated Railway Company knew that, although the representative of their men stated his belief that a man earning less than 75 cents an hour for an eight-hour day did not have a subsistence wage, there were thousands of men in the city of Boston who were supporting their families decently on this or less.

Such circumstances as these have tended to cause a questioning of budgetary studies as a measure of the cost of living and to call attention to the necessity for an investigation of budget standards in order that they may either become practical tools rather than theoretical concepts or that they may be abandoned entirely for the purpose of wage adjustments.

The Type Family

A less obvious but equally serious problem connected with establishing standards in family budgets for use in wage arbitrations involves the question of the type family to whom this budget shall apply. Of how many members is it composed? What are their ages? To what extent can they be counted on as a source of income?

As already noted, it has been customary to assume in measuring the cost of living that the type family consists of five persons. Rowntree used this unit in his study of York, England, because the British census of 1901 showed average families to number four and a fraction persons.⁴³ Mrs. More followed Rowntree's example in estimating the minimum cost of living in New York City, although the size of the families whose cost of living she studied actually averaged somewhat larger.⁴⁴ Kennedy estimated the cost of living for five but also included estimates for larger families.⁴⁵ Chapin carefully selected the families he studied so that they would average five.⁴⁶ Later budgets were constructed to meet the needs of families of this size and, in addition, ages and composition were often arbitrarily assigned.

The selection of families having certain attributes in common is, of course, essential for any comparative study of family budgets. It is equally essential for practical purposes that, so far as possible, the attributes selected should most fairly represent prevailing conditions.

⁴³ Rowntree, *op. cit.*, pp. 28, 81.

⁴⁴ More, *op. cit.*, pp. 267, 269.

⁴⁵ Kennedy, *op. cit.*, pp. 77 ff.

⁴⁶ Chapin, *op. cit.*, p. 37.

As Professor Giddings said in his introduction to Mrs. More's book, "Nothing is easier than to choose from a given population so many hundreds or so many thousands of individuals or of families whose circumstances duly set down in arithmetical terms shall constitute a picture of economic life thoroughly biased and misleading."⁴⁷

The family of five, consisting of father, mother, and three children under 14 years of age where the father is the only wage-earner, has come to be accepted as the "typical" or "normal" American wage-earner's family. The reasons for this are said to be: (1) this is the average size of the American family; (2) it is necessary for the perpetuation of the race that marriage be universal and that three children survive.⁴⁸

Careful study of available data, assembled both in budgetary investigations and from other sources indicates how confused is the evidence on the validity of this family as the standard unit. This evidence may be noted as follows:

1. The census of 1910 shows that all families in the United States at that time averaged 4.5 persons per family.
2. Studies of wage-earners' families where they have not been selected to produce this size, show the average to be about five persons.
3. Where wage-earners' families average five or more persons the children are not all under 14 years of age, and, conversely,
4. Where families are chosen so as to include only children under 14 years of age, they average fewer than five persons to a family.
5. Among families unselected as to size or income there are usually other sources of income than the earnings of the head of the family.
6. A number of studies of family budgets have been of families selected so as to conform to certain requirements as to size, composition, and income.

The United States census defines family as follows: "A household or group of persons, whether related by blood or not, who share a common abode, usually also sharing the same table. If one person lives alone, he constitutes a family, while on the other hand those who dwell in a hotel or institution in which many people live are also treated as forming a single family." Lest it be thought that so wide a variety of family types would produce an average having little significance, it is pointed out that the average of these families and the average of so-called "private families" differ so little from each other as to make the average of all families in reality the representative American type.⁴⁹

⁴⁷ More, *op. cit.*, p. iv.

⁴⁸ Interchurch World Movement Commission of Inquiry, *Report on the Steel Strike of 1919*, p. 255.

⁴⁹ United States Thirteenth Census (1910), *Abstract*, p. 259.

This family, however, includes not only fathers, mothers, and children but also other relatives, boarders, lodgers, and servants; and no data are available in the census to determine the distribution by age of the component members.

Among wage-earners' families, specifically, the average number of members is probably not far from five persons. Data on this point are available from several investigations where families were unselected. Thus, among the 25,440 families whose budgets were collected by the United States Bureau of Labor in 1901, the average number of persons per family was 4.88; Mrs. More's families in New York City in 1905 averaged 5.6; Howard's families in Buffalo in 1907 averaged 6; Miss Byington's families in Homestead in 1908 averaged 5; the cotton-mill families studied by the United States Bureau of Labor in 1908 averaged 8.5 persons in the South and 6.8 persons in Fall River; the British Board of Trade found the average in the United States in 1909 to be 4.9 persons; Kennedy found among the families of stockyard workers in Chicago in 1911 an average of 7.25 persons; among families in the District of Columbia in 1916, there were 4.9 persons per family; among Kensington mill workers in Philadelphia in 1913, the average was 5.2 persons; in Dallas, in 1917, the average was 4.08; in Philadelphia in 1918 it was 5.57.⁵⁰ In these families also, there were boarders, lodgers, servants, other relatives, etc., as well as parents and children both under 14 years of age and over.

In only one of these studies is it possible to separate families with children under 14 years of age and no boarders or lodgers or servants from all families. This is the investigation by the United States Bureau of Labor in 1901. As a part of that study certain families were chosen for comparative analysis. They were called "normal" and consisted of a father at work, a mother, not more than five children and none over 14 years of age and no boarders, lodgers or servants. These families numbered 11,156 or 44 per cent of all families from whom information was secured. Their average size was 3.96 persons as against 4.88 among all families; their average annual cost of living per person was \$157.13 as against \$143.29 per person among all families, although the ages in the latter necessarily averaged somewhat older.

⁵⁰ Many data from other than budgetary sources are also available to indicate the average size of wage-earners' families. Thus, for example, among 2,421 families of cotton mill workers studied in 1908, the average number of persons per family was 6.6 with an average of 3.7 wage-earners each; among 827 silk mill workers' families, the average number was 5.5 per family with 3 wage-earners each; among 2,137 glass workers' families, the average size was 6.3 persons with 3 wage-earners each; among 2274 garment workers' families the average size was 5.4 persons with 2.9 wage-earners each. *Report on Condition of Woman and Child Wage-Earners, op. cit.*, vol. 1, p. 414; vol. IV, p. 227; vol. III, p. 517; vol. II, p. 349.

Figures collected recently by the Metropolitan Life Insurance Company from among their industrial policy holders, most of whom are wage-earners, afford evidence that among families having several children, only a small proportion of the children will at any time average less than 16 years of age. A study was made of 663 families where deaths occurred in July and August, 1920. In these families, there was an average of 2.4 children. Of these, 34 per cent were under 16 years of age. In 24 per cent of the families there were no children at all; in 37 per cent there were children under 16 years of age and in the remaining 39 per cent, all of the children were 16 years of age or over.⁵¹

Another method of determining upon the representativeness of the so-called "normal" family of five persons where the father is the only wage-earner is to ascertain how many wage-earners there are in actual families whose budgets have been studied and what are the sources of income other than the earnings of the father.

Mrs. More wrote on this point:

The popular impression, outside the working class, seems to be that the entire income of the workingman's family is from the earnings of the head of the family. This implies that if the head of the family is an unskilled day laborer, the income of his family is that grade. On the contrary, some of the largest incomes in this study are of this class. The fact is there are comparatively few families of wage-earners who are entirely dependent on the earnings of the head of the family. This may be true in families where there are several young children, and the wife's strength is needed at home, but even then it is surprising how frequently other sources of income are added. . . .

All the larger families having five or more in the family have from one to five children who are adding to the family income. As the children become wage-earners the mother stays at home and does the house-keeping.⁵²

Among the 200 families Mrs. More studied, 63.5 per cent of the average income was derived from earnings of the father; 9.4 per cent from the mother; 11.5 per cent from the children; 9.2 per cent from boarders and lodgers; 6.4 per cent from other sources.

In 1911, Kennedy found that although his families averaged 7.25 persons there was an average of 1.9 boarders per family and the father's earnings amounted to only 54.5 per cent of the average income.

In the District of Columbia in 1916, white families which averaged 4.9 persons with boarders and lodgers averaged only 8.8 without. Fifty-one per cent of the families had income from this source; 11.2 per cent from the mother; 14.5 per cent from children or other relatives; and 46.7 per cent had income from other sources.

⁵¹ Metropolitan Life Insurance Company, *Statistical Bulletin*, October, 1920, p. 4.

⁵² More, *op. cit.*, p. 83-87.

Among the families studied by the Bureau of Municipal Research in Philadelphia in 1917, of which the average size was 5.57 persons and where only families were studied in which there was a man at work, 5.9 per cent of the total average income was derived from boarders and lodgers which were kept by 34.6 per cent of all families; 19.6 per cent of the families had income from earnings of the children; 11.5 per cent from the mother and 34.6 from other sources. The father contributed 84.8 per cent of the average income.

The study by the British Board of Trade in the United States in 1909 showed that among the group of 1,036 families averaging 4.54 persons per family, 4.2 per cent of the income came from children 16 years of age and over; among the 545 families averaging 5.02 persons per family, 11 per cent of the family income was derived from children 16 years and over. The percentage of the income contributed by the father decreased steadily with an increase in income, being 93.2 per cent among families having the smallest incomes and 44.4 per cent among families having the largest incomes.

Streightoff found in his study for the New York State Factory Investigating Commission in 1914 that, while families averaged about five persons, the number of wage-earners averaged about three.

Among the very large cotton mill families noted above, there were 1.5 boarders and 3.6 wage-earners per family in the South and .6 boarders and 3.2 wage-earners per family in Fall River.

All of this seems to indicate that where families average five or more persons there are likely to be children in the family over 14 years of age and there are also likely to be other sources of income than the father's earnings.⁵³

A further complicating element regarding size and composition of the family is introduced in budgetary studies by the custom of counting as children only those who do not work or who, if employed, turn all of their earnings into the family fund. Children who merely pay a fixed sum a week into the family purse are listed as boarders. Where, as has been the case with some investigations, families have been chosen specifically to exclude children over 14 or over 16 years of age or families with boarders and lodgers, the presence of older children in the family would not appear at all.

For this reason, conclusions reached by such investigations as Chapin's or that by the United States Bureau of Labor Statistics in 1918 are not representative. Chapin's families were chosen to include only

⁵³ The evidence of this point is very extensive but is developed only incidentally in the present paper since it is important in the establishing of wage rates from the income side of the problem rather than in connection with the cost of living. See, for example, Lauck and Sydenstricker, *op. cit.*, pp. 253 ff.; pp. 357 ff.

those having not less than two or more than four children under 16 years of age. One hundred six schedules or one sixth of all collected were discarded because the families numbered less than four or more than six persons.⁵⁴ The fact, therefore, that his average family was five is not a measure of the size of wage-earners' families, since the component parts of the average were selected to produce that result.

The instructions to agents in the federal investigation of 1918 were as follows, regarding the selection of families to be scheduled:

1. The family must be that of a wage-earner or salaried worker, but not of a person in business for himself. The families taken should represent proportionally the wage-earners and the low or medium salaried families of the locality.
2. The family must have as a minimum a husband and wife and at least one child who is not a boarder or lodger.
3. The family must have kept house in the locality for the entire year covered.
4. At least 75 per cent of the family income must come from the principal breadwinner or others who contribute all earnings to family fund.
5. All items of income or expenditure of members other than those living as lodgers must be obtainable.
6. The family may not have boarders nor over three lodgers either outsiders or children living as such.
7. The family must have no subrental other than furnished rooms for lodgers.
8. Slum or charity families or non-English speaking families who have been less than five years in the United States should not be taken.

Requirement 6 has been construed not to refer to or include relatives, servants, nurses, etc., temporarily in the home, who were furnished board free.⁵⁵

In gathering the schedules in this investigation by the United States Bureau of Labor Statistics, emphasis is said to have been laid on the selection of families of five; and the fact that the final average was 4.9 persons apparently has little significance as a measure of the size of average American wage-earners' families.⁵⁶

The conclusion to be reached from the federal investigation of 1901 is thus apparently verified by the results of other studies. This is that families where the father's earnings are the only source of income and all children are under 14 years of age tend to average considerably less than half of all wage-earners' families. To this extent, they are unrepresentative. Such families seem to be unrepresentative also in

⁵⁴ Chapin, *op. cit.*, pp. 28; 37.

⁵⁵ *Monthly Labor Review*, May, 1919, p. 147.

⁵⁶ The fact that 4.9 was the average number of persons per family studied in this investigation was "the determining factor in selecting the standard family" as a measure of the cost of living for a government employee in Washington in 1919. *Tentative Quantity and Cost Budget*, *op. cit.*, p. 7.

their cost of living, since even though they average fewer adults, their per capita cost of living tends to be greater than the average among all families. It appears, further, that families where all children are under 14 years of age average fewer than four persons, and that where the average is nearer five there are other members of the family in addition to the children under 14 and their parents. The average American wage-earner's family income is, therefore, to a large extent composite, and is derived from earnings of the wife and children and from the keeping of boarders and lodgers as well as from the wages of the husband.

While this paper is concerned primarily with expenditures and the standards by which they are to be measured, the use of budgetary studies in wage adjustments calls to attention certain factors regarding sources of the income by which these standards are to be maintained.

The adoption of the family of five, in which all children are under 14 years of age and the father's earnings are the only source of income as the unit of measurement for expenditures, necessarily implies that the father's wage shall be sufficient to meet the cost of maintaining what has been established as a fair minimum standard of living. Professor Peixotto, in making her estimate of the cost of living for Pacific Coast workers in 1917, stated that in case a man who was the head of a family consisting of himself, a wife, and three children of school age were not receiving in wages what she believed to be necessary, one of three things, any one of them harmful for the group and for the community, is likely to happen:

1. Other members of the family will have to work to eke out the income; or
2. There will be less food than is necessary for the men to do efficient work. The risks of ill health to all members of the group and the consequent costs to the group and to the society are equally plain; or
3. The group must go without many of the articles noted under Sundries and House Operations.⁵⁷

In the anthracite wage arbitration it was frequently claimed that insufficient wages of the miners was forcing the employment of children and filling their homes with boarders and lodgers.⁵⁸ There is in most American states, however, little opportunity for the employment of children under 14 years of age at the present time. If by "children" is meant those 14 or over, the family immediately steps out of the so-called "normal" class, and the question arises: At what age may children go to work without this being considered an evidence of poverty? Sixteen is the age usually set as the limit below which legal per-

⁵⁷ Bureau of Applied Economics, Inc., *op. cit.*, p. 115-116.

⁵⁸ See, for example, *Summary, Analysis and Statement*, *op. cit.*, pp. 19, 20.

mission is required for employment. This is in order to safeguard health and education, but it offers no criterion as to economic status. The United States and some of the states having income taxes allow exemptions for the support of children up to the age of 18 years. On the other hand, such studies as have been made of the conditions under which children leave school to go to work indicate that other factors than poverty are important in starting the industrial career of children between 14 and 16 years of age.⁵⁹

Establishing the conditions under which the employment of married women is socially desirable and when it is to be condemned is as difficult as suggesting economic standards for the employment of children. One of the most interesting studies which could be made would be one which would throw light on the effect, as regards the employment of women and children, of increased wages during the period from 1914 to 1920. In many industries there is no doubt but that wage rates and weekly earnings advanced far beyond the increase in the cost of living. Was the result of the greatly increased earnings of adults, especially adult males, to keep the children in school longer and to reduce the number of married women employed? Common observation suggests that the opposite was the case, but no careful investigation of the subject has as yet been made.

Or, again, the question may be raised: When is a family justified and when is it to be censured for taking boarders or lodgers? Obviously such conditions as those revealed by the Immigration Commission,⁶⁰ and other studies showing the "boarding boss" system in all its evils, are to be disapproved from any point of view. The British Board of Trade, on the other hand, noted in its study of the budgets of American wage-earners' families:

About one third of those thus reckoned [as boarders] were in fact older children, as to whose earnings particulars were not furnished, but instead the amount paid into the family purse as boarders. The purchase of the house by the tenant, especially in certain towns, and the charges on incomings thus incurred, explain the presence of boarders in many cases, whilst in others boarders perhaps merely supply the means of occupying larger and more comfortable premises.⁶¹

From what has been said, it must be apparent that there is, at the

⁵⁹ *Report on Condition of Woman and Child Wage-Earners in the United States*, *op. cit.*, vol. VII, p. 46; *Report of the Factory Investigating Commission*, *op. cit.*, p. 1485; More, *op. cit.*, p. 87; *Monthly Labor Review*, Jan., 1921, p. 47; Anna Y. Reed, *Junior Wage Earners*, pp. 11-19.

⁶⁰ United States. Immigration Commission, *Abstracts of Reports*, vol. 1, pp. 422 ff. (61 Cong., 3 Sess., S. Doc. No. 747, 1911).

⁶¹ *British Board of Trade Report on the Cost of Living in American Towns*, *op. cit.*, p. xlvi.

present time, a deal of confusion in the interpretation and use of budgetary studies of the standard and cost of living. The results of investigations made in one locality for one purpose have been used in other localities for totally different purposes with little or no effort to verify their adaptability. Circumstances which exist only in theory have been presented as if they were fact, and conditions actually existing have been disregarded, because they did not conform to theoretical considerations. Such a situation has tended to discredit in the popular mind the whole method of measuring the cost of living by budgetary units.

Summary

In the present paper an attempt has been made to show that:

1. The extensive use of family budgets as a basis for establishing wages is a new thing in this country and the attempts to adapt for this purpose budgets collected a number of years ago for a very different purpose is putting them to a use which raises a number of serious questions.
2. The rejection of hitherto accepted budgets as a measure of a fair minimum standard of living and attempts to establish in their place a new standard based on the needs of the higher grade and skilled workmen points out the need for careful study of the exact basis on which a minimum standard of living should be predicated.
3. Attempts to measure the cost of living in one community by standards developed for another which, in fact, do not exist in the first, and failure to take into account prevailing local conditions have brought into question the entire principle of the family budget as a measure of the standard and cost of living.
4. The family of five where the father is the only wage-earner and all children are under 14 years of age, which has been selected as the normal or typical family, is apparently not most representative of American wage-earners, since in families where the father is the only wage-earner and all children are under 14 years of age the average size is smaller than this, while in families having five members there is an average of more than one wage-earner.
5. The fact that family budgets have recently been so frequently used in the determination of wage rates without sufficient regard for their applicability, and their obvious divergence from conditions actually prevailing has cast such serious discredit on them as to require a careful study of the possibility of establishing new standards in accord with the facts or of devising some other means of measuring the cost of living.

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THE EFFICACY OF CHANGES IN THE DISCOUNT RATES OF THE FEDERAL RESERVE BANKS

The recent controversial and critical discussion of the discount policies of central banking systems both in the United States and in Europe has frequently resulted in confusing rather than in clarifying public opinion upon a subject of vital importance to all classes of society. This situation is not due to a lack of thoughtful and well-supported arguments designed to maintain particular theses as to what central banking systems can or ought to do in given emergencies. The confusion arises largely because the advocates of opposing views are apt to base their respective cases upon quite different presuppositions, in consequence of which they fail to join issue squarely with their opponents. For example, the question whether a central bank ought to attempt to restrict credit or to encourage its expansion by changes in its discount rates is one that offers opportunity for debate, if it be taken for granted that such changes in discount rates afford an effective weapon of credit control. But this reservation is itself a highly debatable point. In other words, the question of the desirability of a given policy must be sharply differentiated from the discussion of the efficacy of that policy. Men who agree as to the desirability of checking or of encouraging credit expansion under given conditions, may yet hold opposed views as to the efficacy of the means chosen to bring about the desired result. Failure to make this distinction has led to obscurity in discussion and to much talking at cross purposes. Even if the question at issue concerns only the desirability of credit control, on the assumption that this control is possible, the different angles of approach to the subject augment the opportunities for contradictory expressions of opinion. The topic may be treated simply from the standpoint of the general social expediency of permitting a central bank to exert a wide measure of control over trade and industry through its control of credit accommodation. Or the treatment may be purely temporal—*i.e.*, confined to a discussion of whether the time is opportune for introducing a change in policy by raising or lowering rates as the case may be. The differences of opinion that arise in the last-named instance are usually due to divergent views as to the stability of the current business situation and the probable developments of the immediate future. At any given moment, one man may believe that the existing business and industrial situation has reached a degree of expansion where stability is jeopardized and rates should be advanced as a means of forcing a reduction in the scale of business operations. Another man may fail to see any such elements of unsoundness in the business structure and oppose all changes. Contrariwise, similar dis-

agreements arise concerning the timeliness of rate reductions. It is furthermore obvious that a man who on one occasion is an eager advocate of higher rates as a means of credit contraction may at another time be an equally ardent and at the same time consistent champion of lower rates. For example, some of those writers who are at present enthusiastic spokesmen for rate reductions were less than a year ago the most forcible advocates of advances.

To repeat: the discount policy of central banks may be discussed either from the point of view of actual efficacy, or conceding that, of general expediency and temporal wisdom. Possibly special mention ought to be made also of the controversial differences that are traceable to the existence of wartime inflation. Many European financiers who would have no doubts either as to the efficacy or the desirability of changes in central bank rates as a means of credit control under the nicely adjusted conditions of prewar times have considered rate changes impotent in countries where the necessities of government finance were a controlling factor and were responsible for a continuous inflation of currency and credit. A year ago, when discussion was most active concerning the best means to curb inflation, European students took sharp issue with one another as to the means to be employed, even when they were in harmony concerning the ends to be achieved. The effective opponents (scientifically speaking) of advances in central bank rates of discount were usually as hostile to the idea of further credit inflation as were the spokesmen for higher rates. Indeed, their remedy for inflation was more drastic and, they believed, better adapted to the end in view. The exponents of this point of view are very fairly represented by Vissering who in his address before the Brussels conference said: "A contraction of this money [depreciated fiduciary money] outstanding by the old method of raising the bank rate will have no effect, because this abundance of money was not caused by giving too much credit on easy terms or by speculation, which must be curbed; for even if in some countries the granting of credit and speculation apparently revived to some extent during a short period, this was insignificant when compared to the very considerable volume of the created currency. Moreover the amount of created currency is too large for contraction to be feasible by such simple means."

"Two methods of doing this are fairly obvious, but their effect will only be felt in the long run. The first is the amortization of government and municipal debt, and the other is the rationing of credit under the guidance of the bank of issue."¹

Similarly McKenna, in an address to the stockholders of the London

¹ International Financial Conference. *Verbatim Record of the Debates*. Brussels 1920, vol. II, pp. 58-54.

Joint City and Midland, on January 28, 1921 said: "Monetary inflation, unlike speculative inflation, is not a temporary condition capable of remedy by raising the Bank rate and restricting credit. . . . If permanent monetary deflation is to be accomplished it can only be by a reduction of the purchasing power brought into existence by the great war loans, a reduction which can only be effected by paying off part of the national debt." *The London Economist* also over a period of months published editorials and special letters intended to point out that advances in discount rates could only penalize industry and could not correct deflation so long as the government made no provision for funding its floating debt.

The evidence available shows, therefore, that there were strong opponents of the high rate policy who were not inflationists—at least that was true for Europe. In this country, some critics have rather uncritically assumed that advocates of a low rate policy for central banks were desirous of encouraging inflation; while on the other hand, the adherents of the low rate policy have often taken it for granted that the protagonists of high rates were bent upon bringing about immediate drastic deflation. As a matter of fact the numbers and, unfortunately, the political power of those who have consistently advocated low discount rates as a means of obtaining "cheap money" to the end of prolonging good times, are probably great. But scientifically speaking, they can be ignored and placed in the same category as those persons who thought interest rates could be manipulated, to the end of securing an immediate return to "normal" or prewar conditions.

On the whole, trained opinion in this country would seem, judging from published statements, to harbor a belief in the potency of the discount rates of the federal reserve banks, as an instrument of credit control. For example, both Sprague and Moulton concede the efficacy of rate changes, as if the proposition required no demonstration, although the force of the concession is considerably weakened by expressions of opinion found elsewhere in their writings.² In Sprague's article in the *AMERICAN ECONOMIC REVIEW* for March, 1921, on "The Discount Policy of the Federal Reserve Banks" (p. 24), it is stated that "the discount rate of the reserve banks is clearly an effective means of checking credit expansion, but it is also evident that advancing rates influence the situation rather slowly." And Moulton says in the *AMERICAN ECONOMIC REVIEW* (Supplement, March 1920, p. 170), that "a raising of the rate of discount at the federal reserve banks tends to increase the discount rates on all loans by member banks."

² Cf. Sprague, *AMERICAN ECONOMIC REVIEW*, Mar., 1921, p. 27, and H. G. Moulton, *Banking Policy and the Price Situation*, *AM. ECON. REVIEW*, Supplement, Mar., 1920, note 29, p. 175.

Since the above excerpts appear to reflect with fair accuracy the general attitude (at least until quite recently when a considerable body of contrary opinion has developed), it follows that the major part of the discussion as to rate policy in this country has been devoted to considering the desirability and timeliness of attempts to control the credit situation.

The Federal Reserve Board appears to have adopted the prevailing belief and to have conceded that the discount rates of the reserve banks influence market rates and thereby have a controlling effect upon the amount of bank credit outstanding. It must be confessed that if one cared to dispute this statement, there are published expressions of opinion that would give support to the opposition. But it is probably safe to say that the influence of the discount rates of the reserve banks has been affirmed more often than it has been denied. In a letter made public by the Board June 10, 1919, addressed to all federal reserve agents the influence of central bank rates in controlling not only the amount of credit granted but the character of that credit is assumed, as if it were a commonplace statement of fact. The letter says in part: "The Federal Reserve Board is concerned over the existing tendency towards excessive speculation, and while ordinarily this could be corrected by an advance in discount rates at the federal reserve banks, it is not practicable to apply this check at this time because of government financing."

The following spring, in several incidental references in the *Federal Reserve Bulletin*, credit control through rate fixation is apparently taken for granted as witness the following in the Bulletin for March, 1920 (p. 214): "The improvement which has taken place in our own finances opens the way to a more effective use of the rediscount rate as a means of credit regulation." And later, in July 1920, on page 665 of the Bulletin is the following: "The question constantly asked within the past few months has been the relationship noted between control of credit, the application of higher discount rates, and the actual expansion of operations. . . . The general conclusion to be drawn is unmistakably to the effect that the operation of credit control through higher discount rates has had a marked success." A good deal of testimony is then brought forward to show that since the first of the year successive rate advances have halted the pace of credit expansion despite the heavy actual increases in earning assets. The real question is held to be whether the increase would not have been greater but for the application of this method. By the fall of 1920, however, the Board was more concerned to prove that it had been liberal in its extensions of credit to agriculture and other "legitimate" interests, and to show that, as it put it in the Bulletin for September 1920 (p. 904), "Indis-

criminate liquidation of credits has not been the object of the recent policy of the federal reserve system. The primary concern of the Federal Reserve Board now, as always, has been to make sure that the essential credit needs of American industry are being met." It is interesting to set this off against an expression of opinion found in the Bulletin for October 1919 (p. 911) which says: "There is no ready method in reserve banking by which the use of reserve facilities can be withheld from use in undesirable lines of activity without, also, being withheld from use in desirable lines." The catholicity of the opinions expressed above is further enhanced by occasional remarks casting doubt upon the possibility of changes in discount rates having any potency at all as a means of credit control.²

It is evident that the support of official authority cannot be invoked by either side to a controversy when the quoted official opinions would, as in this case, neutralize one another. Nor, for that matter can statistics be used either to prove or to disprove the contention that the discount rates of the reserve banks have been the primary factors in credit control, when as is the case here, the same statistical data can be used both by the affirmative and by the negative sides. Statistical demonstration is inconclusive because the forces working to create or destroy a given volume of credit are too multifarious and complex in their workings to permit the study of the effects of any one factor working in isolation. In brief, one is dealing here with matters of opinion which may be upheld by *a priori* reasoning but can at best receive only negative support from an examination of the facts.

To return for a moment to the argument that advances in discount rates by central banks are a more or less automatic device for enforcing discrimination in the types of loans granted, it should be said that this belief has been more or less widely held and positively expressed in Europe as well as in the United States. Gustav Cassel who has lately been urging rate reductions, put the argument for high rates most trenchantly in his "Memorandum on the World's Monetary Problems" prepared for the International Financial Conference held at Brussels last year. He says, on page 22: "An interest policy which gives the scarcity of capital its true expression in a sufficiently high rate of interest can in no way prevent the productive powers of the community from being fully employed. It only directs these powers to a certain extent from future needs to present, and in this way, it secures a better provision for the present than would otherwise be possible." And on page 23: "Besides the rate of interest, there are other means for enforcing the necessary restriction on the demand for capital. The banks always discriminate between the proposals for which their ac-

² Cf. *Federal Reserve Bulletin*, Oct., 1919, p. 911. *Ibid.*, January, 1931, p. 6.

commodation is sought, and in periods of particular scarcity of capital, it is only natural that this discrimination is made more severe than usual. . . . If the rate of interest is kept so high as to correspond to the real scarcity of capital, there will be no need for a further restriction of the demand on bureaucratic lines."

As a matter of fact, the attacks of opponents of a high rate policy were directed with especial cogency against the contention that high rates made for the most effective and economically desirable distribution of credit. Why, they asked, should high rates of interest on bank loans deter undesirable borrowers such as speculators, or producers and purveyors of socially deleterious and extravagantly wasteful articles from continuing to borrow? Just such classes of borrowers, it was contended, would be least likely to feel the pressure of high rates. In any case, there was no reason to suppose that the selective elimination forced by high rates would exclude just these classes of borrowers and no one else. When exorbitant speculative profits were in anticipation, as during the period of rising prices, what reason would the speculator have to curtail his operations because interest charges had advanced 1, 2 or 3, etc. per cent? In answer to this it was alleged that high rates do bear more heavily upon the speculator in commodities than upon the producer or the manufacturer, since the latter have many expenses connected with operations, whereas the chief costs for the speculator are the interest charges on borrowed capital. As a matter of fact, in the absence of comprehensive data concerning the proportionate burden of interest charges for various groups, one man's opinion is no better than that of another. And to attempt to distinguish illegitimate speculative activity from other types of business operation is, as has been frequently pointed out, an impossible task.

The arguments of those who see in discount rate fixation merely a particular aspect of the price problem—namely, the price of the commodity called bank funds, fluid capital, etc.—appear to the writer to be essentially fallacious. The case for higher discount rates, for example, has sometimes been expounded as follows: Under competition, high prices of competitively produced goods are socially desirable because at a time of scarcity, they will induce economy and lead, via increased profits, to the creation of greater supplies. Similarly, high rates on bank loans will conserve existing capital supplies and evoke fresh ones. To this it may be replied, that so far as the United States is concerned variations in domestic rates may cause a shift of lending from one community to another, but otherwise there is nothing in high rates to evoke more "bank funds," if by that is meant cash resources. Receipts of gold from abroad do not at present have any connection with changes in market rates and to the extent that they occur may

defeat the very purpose of the high rates which are intended to restrict the amount of credit granted. One is not dealing with some intangible elusive capital supply that can be evoked or dissipated by means of price manipulations. The banking system is built not on "funds" but on claims to goods and property and what is bought by the borrower is the services of the bank in facilitating transfers of goods, enabling the borrower to get possession of goods and, if necessary, providing actual cash to enable him to do it. There may be formal, legal, or customary limitations placed upon the extent to which banks can dispose of their services, but in the United States at any rate the limitation is found in a reserve which the bank can create by borrowing in its turn. What is the rate except the expression of a greater or less inclination on the part of the bank to sell its services?

So as far as the demand is concerned, it is true that considerations of expense attached to borrowing may restrict demand, although in a very active boom period it is highly probable that the marginal borrower would pay more if he had to do so and that many borrowers would be willing to expand their loans if they could at existing rates. This probability shows that the rates fixed are not determined on a severely competitive basis. If they were, they would be higher at such times. On the other hand, when opportunities for business profit are reduced, the banks will charge less for their services but it does not follow that the utilization of credit will be thereby greatly stimulated.

Irrespective of the relationship existing between rediscount rates and general market rates, it seems that undue emphasis has been put upon the "highness" or "lowness" of actual rates paid by borrowers. The pervasive insistence upon the efficacy of changes in short-time interest rates as an instrument of credit control involves a gross exaggeration of their importance as an element in expenses of production. So long as business prosperity continues and goods move regularly from producer through intermediaries to consumer, their influence is not nearly so great as is imagined in determining the volume of business. To be sure, if goods do not move regularly, the burden of interest charges may be keenly felt, but it will then be felt even if rates are very low. In itemized expense accounts, the interest charge on short-time loans ordinarily appears as an insignificant percentage of the total outlay. After all, the costs of labor and material are the primary expenses, and interest as a payment made to secure control of the means to purchase goods and services must in the nature of the case be a subordinate element. Yet the interest charge always looms large in the mind of the borrower because there is usually a belief, however mistaken, that other outlays are represented by tangible goods and by services whose value are at least equal to the amounts paid to secure

them. Interest, however, appears as an item of expense not offset by these purchases. Provision must be made for it, and if it cannot be met except by trenching upon the usual profits or by incurring actual losses, the failure is apt to be attributed more particularly to the existence of the interest charge. Of course, the reason may be that the demand for salable goods has fallen or the services bought have not been satisfactory, but whatever the cause, the interest charge appearing as an amount in excess of the property offset against the sum borrowed, has imputed to it a disproportionate share of the blame for failure.* To be sure, if extensive data were available showing what reliance is placed by different industries and trades and different firms within the same competitive group upon short-time borrowings, the differences would be shown to be profound. This means of course that increases

* A few illustrations, taken at random from the very scanty published material accessible, showing itemized production costs for given establishments or groups of establishments, bear out the statements just made. The Federal Trade Commission for example in a report on "Anthracite and Bituminous Coal" (June 20, 1917, pp. 153-157) gave the expenses by months of a large New England wharf yard from April 1915 to December 1916. In the case of an intermediary handling concern of this sort one would expect interest on borrowed funds to be relatively an important item. But during 1916, although total expenses varied from a minimum of \$942 per ton in August to a maximum of \$1,889 in November, the interest on accounts payable which amounted to \$0.04 per ton in January reached \$20 in November, but in no other month exceeded \$0.043.

The Federal Trade Commission also published in its "Report on the Meat Packing Industry" (Part V, p. 101) a statement of the Cudahy Company which was the only one of the great packers which compiled a classified profit and loss statement. In 1912 total interest amounted to \$692,163 out of a total outlay of \$90,644,292. In 1917, total outlay had increased somewhat more than 100 per cent to \$182,903,286 while interest charges were \$1,549,924. In both years therefore the total interest charges amounted to a negligible fraction of a per cent of total outlays.

In the bulletins issued by the Bureau of Business Research at Harvard University giving in detail operating expenses in certain lines of wholesale and retail trade, there are set forth some valuable statistics showing the percentage relationship of total interest charges to net sales. These figures include interest on long and short-time borrowing plus interest estimated on the proprietor's net investment in the business, exclusive of real estate. In 1919 for 155 retail hardware stores, total expenses varied from 11.4 per cent to 36.3 per cent of net sales with 21 per cent common figure, and interest, from 0.95 per cent to 8.95 per cent with 3.3 per cent common. In the retail drug business in 1919, with 185 stores reporting, the range was from 17.7 per cent to 42.9 per cent for total expenses with 27.6 per cent the common figure and from 1.1 per cent to 11.8 per cent for total interest, with 3.1 per cent the common figure. To take one more illustration: 159 wholesale grocers in 1919 had total operating expenses amounting to 4.85 per cent of net sales as a minimum and 14.71 per cent as a maximum with 9.1 per cent the common figure. Total interest ranged from 0.34 per cent to 9.75 per cent, with 1.6 per cent as the common figure.

in rates for short-time loans are felt very unequally by competitors in the same business, given their unequal dependence upon banks. Hence it is true that any pronounced rate changes will in the case of highly competitive businesses exert an effect out of relation to their absolute importance which is very often insignificant.

The arguments set forth above which have been the ones most frequently presented in discussions of rate policy usually take for granted that changes in the discount rates of central banks will have a direct effect upon outside market rates. So far as the United States is concerned, the assumption is a large one, and in the opinion of the writer, an incorrect one. It has been often pointed out that the English pre-war banking system differed from the present federal reserve system in many important particulars. There has been nevertheless a hesitancy to accept the inevitable conclusions to be deduced from those differences, and the major part of rate discussion in the United States has therefore been based upon the assumption that the federal reserve system occupied a position of control similar to that held by the Bank of England. Incidentally, it should be remembered that even before the war the Bank of England frequently had difficulty in forcing the market to take cognizance of its rate policy. Its control had been gradually weakening over a long period of years as outside institutions grew in resources and power, and the authority exercised was based upon a voluntary deference to its leading, the outgrowth of custom and of a conviction that its power ought to be maintained. During the war and afterward the Bank had to yield to the exigencies of governmental needs with a resultant loss of control over the general discount market.

In the United States there is at present no customary or legal coercion strong enough to bring outside market rates into line with the official rates of the federal reserve banks and there is nothing in the structure of our banking organization to force such conformity. The federal reserve banks do not serve a highly centralized and highly sensitive international market and if the system continues to function on a regional basis, they never can do so. On the regional basis, each district ought to develop a discount market of its own relatively independent of all others, although to meet temporary needs, funds may flow in or out. If there were not this concept of regional independence, rediscounting among the federal reserve banks would take place freely and as a matter of course. In fact, the banks do not like to rediscount and their managements regard it as duty to try to avoid doing so, except upon occasions when seasonal demands are extraordinarily heavy. There exists in this attitude and in legal intent (else why did not the law establish one central bank?) a hindrance to the unimpeded flow of funds and to the development of one centralized discount market.

Moreover, the federal reserve banks do not deal with a few institutions doing a largely international business, based upon the closest competitive calculations. They do business instead with thousands of small institutions whose interests are wholly or primarily domestic— institutions which serve limited areas and often feel only remotely the influence of competition. The tables published monthly in the *Federal Reserve Bulletin* showing discount and interest rates prevailing in various centres for different classes of paper are an excellent illustration of the lack of a competitive distribution of banking resources adequate to bring about an approach to uniform rates throughout the country. And if rates in small towns and remote communities were taken into account, concepts as to what constituted ruling rates of discount would be severely shaken. These local rates differences undeniably make for a greater claim upon the resources of rediscounting agencies in those sections where rates are highest. The resources of the Second Bank of the United States were diverted toward the South and West where local interest rates were high. Under the federal reserve system, undue sectional demands (*i.e.*, undue in relation to local banking resources) are prevented to the extent that the banks are operated as independent units. If no objection arose to unlimited inter-bank rediscounting or if lending were undertaken from a single centre, there would probably be much greater utilization of funds by the high interest parts of the country than is now the case. Thereby, however, greater uniformity in interest rates throughout the United States would be more speedily achieved. As it is, there are many factors at work making for the gradual elimination of the extreme variations in local interest rates, such, for example as the activity of commercial paper houses in placing paper throughout the United States and the existence of opportunities to rediscount paper originating in high interest communities at as low and sometimes at lower rates than in low interest sections. Still, differences persist. Many local borrowers are not now and never will be able to offer their paper outside their own communities. Often country bank loans are of a semi-perpetual type and are carried at high rates which the borrower must pay or else go without accommodation. The bank can secure the necessary proportion of liquid assets by the purchase of commercial paper, investment of funds in the call market or through holdings of customers' paper eligible for rediscount. Naturally the utilization of all these avenues of investment tends to make it easier for the local borrower, but so long as he is forced to depend upon a local institution there is no driving force of competition to bring the rate of interest charged him into line with the rates charged elsewhere, even making allowances for risk and character of the loan.

The twelve rediscounting agencies which comprise the Federal Reserve System serve then innumerable small, independent banks, which charge interest rates that sometimes evidence local monopolistic power of the leading agency, more or less restrained by usury laws, generous or severe, rates largely the product of local custom and feeling only remotely the influence of outside competition. Under such circumstances, the problem of credit control cannot be solved by advances of fractional or even full percentages in the rediscount rates of the regional banks? What efficacy has such an advance as applied to a bank, let us say, in some western or southwestern state which customarily lends at 8, 10 or 12 per cent? None at all, if such a bank is pressed for loans, recognizes the profit that lies in rediscounting, and insists upon taking it. The only remedy for this situation is an outright refusal to lend.

It is significant in this connection to read the published summaries of policies actually pursued by several federal reserve bank managements in their attempts to curtail credit applications.⁵ The excerpts make it very clear that the officials recognized that there was no substitute for direct action in determining which borrowers should be accommodated and how much they might have. The policy has not been—and could not have been—to serve all comers at fixed rates. There is no intention of denying that the announced policy of the Federal Reserve Board as advertised by rate advances helped to hasten an inevitable credit contraction and served to make its consequences less disastrous than they would otherwise have been. But it is not believed that the changes in discount rates were the directly effective weapons of credit control. Downright refusal to expand certain classes of loans and pressure for repayment of others were the potent factors in credit contraction, and the rate advances were mere outward signs of the initiation of a sterner policy toward member banks. The pressure exerted by the member banks in their turn upon their customers no doubt became more severe as the result of warnings coming from the rediscounting agencies, but the actual advances in rediscount rates would not have had any material effect if they had not been accompanied by vigorous action.

This belief in the ineffectiveness of the changes in the official rates finds further support in the fact that the discount rates of the reserve banks, and notably those of the Federal Reserve Bank of New York, have not only been maintained below the current market rates but the upward and downward movements have tardily followed instead of pre-

⁵ Cf. *Federal Reserve Bulletin*, Feb., 1920, pp. 116-117.

ceding changes in the outside market rates.* In the Bulletin for September, 1920 (p. 942), appears this statement: "Average rates of discount charged by the Federal Reserve Bank of New York on all discounts were about $1\frac{1}{2}$ per cent below the market rate until November 1919 when the Federal Reserve Board and the federal reserve banks embarked upon the policy of raising discount rates. After that date the spread between the market rates and the federal reserve rate decreased rapidly and in March and April was about $\frac{1}{2}$ per cent. Since then commercial rates have increased more rapidly than the federal reserve rate, although the margin narrowed somewhat when the federal reserve bank (*i.e.*, New York) raised its rate on commercial paper to 7 per cent in May." Similarly the rate reductions recently made were preceded by reductions in outside market rates. Indeed the discount rates of the Federal Reserve Bank of New York seem to have been merely a somewhat diminished reflection of what market rates have actually become. The fact that the spread between the reserve bank rates and the outside rates in the New York market has also varied, shows that changes in outside rates are governed by an independent set of causes.

A frequent answer to the question as to whether reserve bank rates have any control over the market is that they have a sentimental effect, even if they bear no very definite relation to outside market rates: *i.e.*, advances indicate a need for caution, while reductions are a signal that restriction of credit need not be so rigid. Sentimental control, however, has just this disadvantage: the sentiments are heeded if they happen to mirror the opinions and coincide with the particularistic interests of those whom it is intended to reach. The warning is often ignored unless it is backed by a weapon that can enforce control. Certainly the discount rates of the federal reserve banks cannot be employed as such a weapon until they are maintained at a level as compared with outside market rates which will penalize rediscounting, instead of, as in many cases, putting a positive premium upon it. This is admittedly difficult to do immediately when many banks have so expanded their investments that they are hopelessly dependent upon the support afforded by rediscounts. But once the abnormal reliance upon the reserve banks growing out of the war and the post-war boom is past, steps should be taken to prevent the continuous use of the resources of the federal reserve system as an addition to the capital and surplus of member banks. In any case, the effective utilization of discount rates will be hampered by the factors already mentioned: the

* January 23, 1920, when the New York Reserve Bank rate for commercial paper advanced to 6 per cent the open market rate had already been 6 per cent for some weeks. When on June 1, the reserve rate went to 7 per cent commercial paper had been $7\frac{1}{2}$ per cent for 2 weeks and 7 per cent for a month.

extraordinarily high rates of remote centers and, at intervals, of the call loan market. Under certain circumstances, no practicable advances in discount rates may suffice to control expansion and it may become necessary to enforce reasonable regulations regarding usury or to refuse rediscounts to a bank that lends at extortionate rates.

✓ Certainly warnings issued by the Federal Reserve Board against using the privilege of rediscounting as a source of profit will not always be heeded if rediscount rates are favorable and positive refusals are not encountered. It is well known that country banks have frequently bought commercial paper at attractive rates instead of using surplus funds to reduce their borrowings, because it paid. Apparently there was no sentiment against the practice and it could hardly be expected that there would be. No doubt some banks have pursued a conscious policy of abstention from rediscounting believing that their operations should be kept within the limits of their own resources. A study made by the writer of changes in the loans and discount and in the rediscounts and bills payable of eleven of the large banks of New York City in 1918-1919 brought out very clearly that some institutions had expanded their scale of operations without reference to their ability to carry their investments; and it was also clear that the explanation was not to be found in their increased investments in United States securities, although that afforded a partial explanation. On the other hand, a few banks had regarded the right to rediscount as a privilege to be used in an emergency and had only resorted to it reluctantly toward the end of 1919 on any considerable scale. It is true that there still remain banks which have taken little or no advantage of the rediscounting privilege. When pressure for loans was great and profit lay in rediscounting, it is not easy to see why the smaller institutions held back except through ignorance or timidity. Certainly there was not until recently any force of public opinion to prevent rediscounting—rather the contrary. Indeed, one of the extraordinary developments of wartime finance has been the matter-of-course assumption that rediscounting ought normally to yield a profit to the borrowing bank.

Another fact should be kept in mind in considering the incentives making for rediscounts. Since member banks have to maintain required reserves with the federal reserve banks, they are disposed to reduce the expense thereby entailed to a minimum. That often means that they will keep their reserves at such a low point that any unexpected or unusually heavy withdrawals will necessitate an application for rediscounts. This disposition was particularly noticeable in following the daily reserve statements of certain of the eleven banks to which reference has been made. If rediscount rates were above outside lending rates, this attitude toward the reserve requirement would

be altered because penalties would attach to the failure to make adequate provision.

Now that the outside market rates have fallen and the pressure for loans by member banks has been relaxed, an opportunity has been afforded of keeping discount rates of the reserve banks at levels where with reviving business they would have offered little incentive to expansion for the sake of expansion. Judged from that point of view, it seems unfortunate that rates have been reduced so that they continue to be below the outside rates in the chief money market centers. On this account (not because it is believed that the lower rediscount rates will just at present lead to resumption of credit expansion) the downward movement appears unfortunate.

When the discount rates of the federal reserve banks lead the market rates in the chief money centers, when liquidation on the part of borrowing banks has been largely consummated and the system becomes, as it was intended, a source of reliance for recurrent seasonal, or other extraordinary needs, the reserve banks ought to be in a position to exercise a measure of control over outside market rates. Even so, the effectiveness of such control will be dependent upon the creation of a broad discount market of a genuinely competitive sort, sensitive to the influence of rate changes. So far such a market has been lacking and it remains to be seen whether the surplus funds of the federal reserve banks, once released from the abnormally heavy demands which have engrossed them, can be successfully utilized in the development of a genuine open market. So far open market operations have been confined to purchases of acceptances at artificially low rates, and it must be confessed that the future for an open market based primarily upon acceptances is not over-promising. England is essentially furthering her domestic business in discounting bankers' acceptances to a greater extent than would be true in the United States. Why should our central banks confine their open market purchases to a type of paper that represents a relatively small proportion of general banking business? Even with the preferential buying rate which acts more or less as a subsidy to dealers in acceptances, the market has not developed according to expectations. The *Acceptance Bulletin* of May 1921 gives the result of a nation-wide inquiry into acceptance conditions. The results of a quite comprehensive survey showed that on April 1, \$664,092,000 of bankers acceptances were outstanding, a decline of 18 per cent from the preceding year. A significant statement is appended to this effect: "Inquiry among international bankers discloses that two items represent a large proportion of the acceptances now outstanding; namely, credits covering sugar and those granted for the creation of dollar exchange." Conceding that the acceptance market has been de-

veloped under trying conditions, it still remains true that the outlook for economic stability in international relations within the next few years is not good. It would seem highly dubious therefore to build up by artificial means an open market confined to bills originating chiefly in export and import transactions. Moreover, as the English rates on acceptances have to be met, if financing is to be done in this market, the outside market is likely to be a highly uncertain one. Advances in rates on other types of paper may well make acceptances unsalable, and if the market is not to be destroyed, the federal reserve banks will have to come to the rescue of the dealers without any reference to their own investment needs and, it may be, at a time when it seems desirable to curtail general credit. From the point of view of the solidity and security of our banking system, it would not appear wise for the portfolios of our federal reserve banks to be filled largely with paper growing out of international transactions. Whatever might have been the advantages in the past, many of them have been lost for the present.

If a genuine discount market is to be developed in this country—one whose activities can be influenced by the federal reserve banks—it must be of a more catholic type. Artificial preferments and discriminations, whose aim seems to have been to give us a ready-made British discount market, ought to be eliminated. Why should not the provisions of the Federal Reserve act be changed so as to empower the federal reserve banks to extend their open market operations to cover notes as well as bills growing out of commercial transactions, since this is a country whose banking needs are after all primarily domestic and whose banking accommodation for domestic purposes is based principally on the note? And why should not the banks also be given the legal right, at discretion, to make loans against stock exchange collateral not only at official rates for members but at market rates for their own account? Presumably, the bulk of the lending against stock exchange securities would be confined to the New York market. Such an extension of open market operations and of rediscounting activities would inevitably be attended with danger, but it is assumed that the power so obtained would be used discreetly, and it would certainly afford the best possible means of bringing about an equalization of the rates on different classes of paper (with due allowance for risk and for the time element). As it is, inequalities of an irrational sort tend to be perpetuated by the existing policy of discriminating in favor of bankers' acceptances and discriminating against loans on stock exchange collateral. The existing prohibitions do not prevent funds being obtained by both classes of borrowers,⁷ but they do introduce

⁷ *Federal Reserve Bulletin*, Dec., 1919, p. 1107. ". . . experience has demonstrated that the prohibition of direct speculative loans does not of itself act to prevent the indirect use of funds obtained from the system for speculation."

greater uncertainty and wider fluctuations in rates than would otherwise obtain. The result is a considerable and incalculable shifting of loans with a view to profit-taking, which affords the worst possible conditions for building a strong reliable discount market that can be counted upon to absorb offerings at a predictable rate.

To the extent that call loan rates can be brought into reasonable conformity with other rates, with the elimination of all extreme variations, a long step will have been taken in the direction of steady and enlarging the market for short-term investments. Apologists for the excessively high call loan rates that from time to time prevail in the New York market sometimes allege that only by the imposition of high charges is it possible to prevent the speculative markets from securing an undue share of credit.⁸ To this it may be replied that high rates do not necessarily mean restricted demand. The demand for speculative loans in "boom" periods is highly inelastic; the high rates merely indicate that more funds would be taken if they could be got. It cannot be confidently deduced that reductions in the amounts of such loans have occurred. High rates in a period of active speculation may rule for a long time, and attract funds of banks that would otherwise invest in other types of loans. Rediscounts of eligible paper may be made in order to release such funds to the stock market or loans already obtained may not be paid off by banks wishing to utilize the opportunity to secure high rates of interest. Such rates are not always self-correcting and may have a disintegrating influence upon the market for other classes of paper. If the federal reserve banks were in a position to "break" abnormally high rates by direct lending, they would perform a real service at such times. Of course if rates could only be brought down by a too-lavish use of resources, it might be necessary to invoke more drastic methods of control, such as usury laws made applicable to call loans.

⁸ A memorandum on the New York call money market, prepared by the Federal Reserve Agent in New York for the information of the Board was published in the Bulletin for April 1920 (pp. 369-372). It presents what seems to the writer to be two irreconcilable points of view, when explaining and tacitly defending high call loans rates. First "call money" is regarded as a surplus available only after the obligations to the customers of the various banks have been satisfied. Then it is stated—and here is a fundamental contradiction—that "It has long been recognised that for assurance of a sufficient amount of money to finance the volume of business in securities, reliance cannot be placed on a rate of interest limited to the rates which obtain or are permitted in commercial transactions whose prior claim on banking accommodations is universally conceded." The suggestion here undeniably is that the call market has to draw funds away from other uses by extraordinarily high bids. How can this idea be reconciled with the notion that call funds are a surplus, large or small, according to customers' demands, and quantitatively speaking, presumably not influenced by rates?

The discussion on the New York call money market published in the Bulletin for April 1920 says (p. 371), that "rates for call money do not determine and have not exerted an important influence on the rates for commercial borrowings." And the belief is expressed that "there is little causal relation between the rates for call money and those on commercial loans." This statement is opposed by a considerable body of testimony to the contrary, for dealers in acceptances and commercial paper brokers insist that their markets expand or contract according to the force of the pull exerted by the demand for stock exchange "call" loans. Bank buyers of commercial paper, it is averred, cut down their purchases when the call rates advance to attractive figures. Similarly dealers in acceptances find their markets narrowing and if they are operating on funds borrowed at call, may find these funds no longer available. Indeed, advances in call loan rates have had as a characteristic accompaniment, increases in acceptances holdings of the reserve banks upon whom dealers have been forced to rely. The fact is one that has become a subject of frequent comment.

If the call loan market were isolated, in point of fact, it would not be a matter for congratulation as supposed. A balanced distribution of loanable funds is best achieved by the interaction of the various pulls for funds, provided no one pull is devastatingly strong. No doubt call rates have at times been so high as to interfere with this adjustment, but the call loan market is not unique in the way in which it was when it offered the banks their chief outlet for excess funds on which they could speedily realize. It was then inevitable that rates should sometimes rise very high as well as fall very low. Under present conditions, it becomes possible and desirable for the banks to adopt an investment policy which will distribute their risks among various types of paper, in the knowledge that they may be realized upon at need.*

From all that has been said, the inference is that the call loan rate ought to become more and more "tied to" other market rates. Then, too, as the market for acceptances gradually expands, call funds will be borrowed in increasing amounts by bill dealers. It is very doubtful whether the proposition to make the acceptance market the chief source of demand for call funds, by introducing term settlements on the stock exchange would have the beneficial results that the advocates of the

* It is significant in this connection that some commercial paper brokers insist that banks will not buy paper except at a more or less fixed advance over the rediscount rate, asserting that they wish to be in a position to rediscount without loss. As a matter of fact this would not be true in a period of inactive demand, when funds were abundant.

change recite. Settlement days would inject an element of disturbance at frequent intervals whose magnitude could not be foreseen, and the substitution of short term stock exchange collateral time paper for stock exchange call loans would still leave open the question of policy concerning the extent to which the banks should employ their resources in this field. If call loans were to be based primarily on acceptances (assuming so revolutionary a change to be possible) the acceptance market would feel the full force of calls and might well be hurt rather than helped.

Acceptance dealers instead of stock exchange operators would then be hurrying about to find the means to repay called loans and would have as a final recourse the federal reserve banks. This might be in line with the frequently cited English practice but with the difference, often ignored, that the call market which was being so squeezed, would be neither dominant nor secure.¹⁰ In countries in which the discount market is largely dependent upon foreign trade bills, it is logical that the banker's acceptance should predominate. But an imitative structural frame work will not provide materials for a solid edifice so far as this country is concerned. Advocates of the change may see in it a device for encouraging the growth of acceptances by "pouring in" funds that were released from stock exchange use. But this "pouring in" would only follow to the extent that profitable opportunities for investment offered. The acceptance market is quite as likely to be hampered by a lack of good bills as by a shortage of funds.

A further word should be said in support of the proposition that loans against stock exchange collateral be made eligible for rediscount. It does not follow that the scope of collateral lending will thereby be unduly encouraged. "Experience has demonstrated," says the *Federal Reserve Bulletin* for October 1919, "that the prohibition of direct speculative loans does not of itself act to prevent the indirect use of funds obtained from the system for speculation." As a matter of fact since commercial banking is inextricably bound up with investment and related speculative activities, and since it follows that any form of rediscount furthers any type of member bank investment activity, there is argument for permitting the reserve authorities to make loans against securities. These loans might be made at a rate expressing a difference in the desirability of the paper from the point of view of liquidity. Variations in the rate would have a selective influence and enable the banks to keep their portfolios from becoming too one-sided. If this did not serve, the banks could in their judgment re-

¹⁰ Rovensky, *The Acceptance as the Basis of the American Discount Market*. "In every commercial country in the world, the discount market is based upon the bank acceptance and the discount market in turn is the basis of the entire money market."

fuse to make further loans if successive rate advances did not discourage them.

There seems no reason why the member banks should not have the right to obtain loans against readily marketable collateral, just because the proceeds may be used to further investment or related speculative activities. Whatever form rediscounts may take, their proceeds are used to support a conglomerate mass of obligations assumed by member banks, which may grow either out of investment activities or result from commercial loans. As Moulton says,¹¹ "It will be recalled from our previous analysis of the relation of the commercial banking system to the financing of stock exchange speculation, to the outright purchase of securities, to the making of collateral loans for fixed capital purposes and to the activities of investment bankers engaged in the marketing of securities, that the funds of the commercial banking system constitute the support for the entire financial fabric, investment and speculative, as well as commercial." The chief concern therefore of the rediscounting agency cannot be to keep remote from all investment activities. It cannot do that even if it refuses to accept anything but the most unimpeachable commercial bills of exchange. What it does want to do is to prevent if possible any radical shifting of bank credit which alters the proportional amount of accommodation available to the different groups dependent upon the commercial banking system.

Only when increases in loans obtained for investment purposes, or increases in direct purchases of securities (which are in essence the same) outstrip the accommodation given the commercial borrower, is there danger of a break-down of the delicately poised economic structure. A disproportionate expansion of investment credit increases the demand for goods already adapted to the uses for which they were intended; and on the other hand, it reduces, at least relatively, the purchasing power of those engaged in the rapid transformation and transference of goods. Hence it upsets calculations as to the direction purchasing power will take, changes the values of goods, and jeopardizes the repayment of many loans. To cut off or reduce the investment demand as compared with the commercial demand has equally serious consequences. If people cannot obtain purchasing power to use for buying all the various commodities needed in furthering the process of production, neither can those persons who had hoped to sell such commodities after a brief period of holding, get rid of them. Their ability to repay through transfer is destroyed. As a matter of fact, the present failure of investment demand has been responsible for converting

¹¹ Cf. *Financial Organization*, p. 683.

many so-called quick loans into slow assets. Moreover, as the investment demand is the demand which pays for the services of a vast body of producer-consumers, lack of such demand has an incalculable effect upon the "liquidity" of all sorts of commercial loans based upon consumers' goods at various stages of production.

It is useless to set up an ideal type of bank loan and by legislation or through pressure exerted by rediscounting agencies try to exclude other types from the portfolios of member banks. If it could be done, it would be disastrous and the "ideal" type of commercial bank loan of which samples can now be found, would, in that event, cease to exist, as the market for "liquid" commercial assets would be largely destroyed by the blow dealt to investment purchasing power. What is needed—and the task is hard and failure comes periodically—is to attempt to maintain a balance among the various types of lending activity to the end that the purchasing power of the community may not be sharply diverted in new directions or be spent in disproportionate amounts in familiar ways.

To sum up: it is not believed that the discount rates of the federal reserve banks have so far been used effectively as a means of credit control. If they are to function successfully in the future in this respect, it will be necessary not only to keep the official rates above the market rates in the chief money centers, but it will also be essential to bring the market rates under better control with a view to the elimination of extreme and erratic fluctuations, such as have been especially pronounced in the call market. To this end, it is proposed that the open market operations and the rediscounting activities of the federal reserve banks be expanded in an attempt to develop a discount market, or rather discount markets, which will not be based chiefly upon acceptances—discount markets, moreover, in which the rates on various classes of paper will maintain a stable and fairly predictable relation to one another.

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COMMUNICATIONS

Shifting the War Burden

In his presidential address, published in the March number of the **AMERICAN ECONOMIC REVIEW**, Professor Davenport restates the argument in support of the proposition that no part of the burden of a war can be shifted to future generations. The argument put briefly is somewhat as follows: The future generation necessarily inherits not merely the burden of taxes required to meet interest and principle payments on the war debt, but also the interest-paying and principle-maturing bonds. In short no burden is imposed upon the future generation because the inheritance of war taxes is balanced by the inheritance of bonds. In fact it would be neither better nor worse if the bonds were repudiated and the taxes wiped out. What is taken out of one pocket is paid into the other. The whole burden of the war therefore falls entirely upon the present generation. It is therefore argued that the only possible shifting is a shifting of the burden from the bond-holding class to the other classes of society. For the time being the bond-holding class pays for the war, but in the end this class gets back what it paid, or at any rate gets part of it back by taxing the masses. The burden is not shifted to another generation; it is shifted from one class to another class. Says Professor Davenport: "Solely in the sense of this redistributive bearing on the future, can burdens be passed on."

This argument is no doubt entirely sound when applied to a static society, but the writer raises the question whether it would hold in a progressive society with an increasing population and growing wealth and income. An illustration will make the point clear. Assume first a static society. A war is on. Mr. A buys \$100,000 of bonds. His purchase of bonds is proportional to his income. But for the rest of his life he is also taxed in proportion to his income. At 4½ per cent interest he receives each year from the government \$4,500, but he also pays to the government war taxes amounting to \$4,500 a year, which taxes would have been unnecessary had the bonds not been issued. In reality therefore the bonds are worth nothing to him. His son inherits the bonds, but he also inherits the taxes. He is neither worse nor better off for the inheritance. In fact the situation would have been no whit different had Mr. A paid the government \$100,000 in taxes to begin with. In that case neither war taxes nor bonds would have been inherited.

Consider now the situation in a progressive society. Mr. A buys \$100,000 of bonds, his proportional share. He receives \$4,500 in interest. Since he is also taxed in proportion to his income he pays for the time being \$4,500 in war taxes. But the country is growing in population, wealth, and income. At the end of twenty-five years the income of the people of the country has increased 50 per cent. Mr. A is still taxed in proportion to

his income. The burden has not been shifted to the masses in direct taxation. But the proportion of Mr. A's income to the total national income is now smaller. He now pays in war taxes not \$4,500 but \$3,000. Since he receives \$4,500 in interest on his bonds he is \$1,500 ahead. Capitalizing this figure at $4\frac{1}{2}$ per cent we may say that the net value of his bonds is now \$33,333. He has in effect received back \$33,333 of the \$100,000 advanced. But it cannot be said that the burden has been shifted from one class to another class. Mr. A is still paying his share in proportion to his income. The increase in the income of the nation as a whole has assumed part of the burden. Had no bonds been issued, that income would have borne no burden whatever. It now bears a burden. The burden carried by the bondholders originally has therefore been correspondingly reduced. In short, is it not possible that the burden can in a progressive society be shifted to the future without that redistribution as between classes mentioned by Professor Davenport?

If it is assumed that proportional taxation is not equitable, progressive taxation may be substituted without in any way modifying the argument. In that case it will, of course, be assumed that the amount of bonds purchased would also be progressively greater the larger the income.

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Integration in Marketing

In the March number of this REVIEW, Mr. L. D. H. Weld, of Swift & Co., presents some criticisms of my article on "Integration in Marketing," which appeared in the September number. His criticisms for the most part imply such a misrepresentation of my position, that a brief reply is called for. He states that my point, that the need of introducing new and expensive methods of marketing tends toward integrated marketing, is designed to create the "wrong impression." On the contrary, this point tends to justify the packers and the Standard Oil Company to the extent that they undertook to introduce desirable marketing methods because the established agencies were not prepared to adopt the more expensive devices required.

Again, I am taken to task for stating that many small packers market as cheaply as the large packers. His criticism that the small packer does a local business and cannot be compared with the larger packer does not apply, for I specifically mentioned as an illustration of the smaller packers the Cudahy Company, the scope of whose operations is comparable with that of Swift and Company, although the latter is several times larger. My point was and is that the packer may be large enough to perform the essential operations of marketing surplus livestock products without being as large

(overgrown) as Armour and Swift are. In the same way, my point that the large-scale operations of some wholesale grocers are not based on economic efficiency in marketing is misrepresented. My point is, not that these large-scale operations are necessarily uneconomic, but that the small wholesaler often can and does make as high a *rate of profit* as the large one. Mr. Weld is mistaken in his statement that the small jobber cannot market a line of canned goods under his own label, for many relatively small jobbers do this.

The criticism ends with a protest against references to "excessive advertising" and to "public benefit" and wasteful methods of competition, saying that these references tend to inflame prejudices and suspicions. I mentioned as a case of excessive advertising a two-page display in the *Saturday Evening Post* setting forth in two colors the picture of a platter of ham and eggs. This seems sufficiently specific, and I believe few will deny that a line can be drawn between those advertisements which are calculated to develop a market for new commodities and those which are purely acquisitive and apply to well established commodities. Large expenditures for the latter class of advertisements may not be for the public benefit.

Mr. Weld attacks my implication that the expenses of a mail-order house for handling groceries are similar to the average for its entire business. This is a matter which requires further study and more exact information. Meanwhile it is something definite to know that the cost of marketing groceries via wholesaler and retailer is about the same as the cost of all marketing by mail-order houses, in spite of the greater services given by the former channel.

It is stated that I omit what is perhaps the most important reason for integration in marketing—perishability of products. This point is covered in my classification under the need for introducing new and expensive marketing methods. The refrigerator car was the method required by the meat packers and it was required on account of the perishability of meat. The statement that the marketing of cheese has been taken over largely by the meat packer, because the wholesale grocer did not have the facilities for handling this perishable product, is indicative of the attitude of the meat packers toward the government's investigation of their business. A study of the Federal Trade Commission's report on this subject will convince any unbiased reader that the packers have acquired the cheese business as a result of other forces than those which arise from the semi-perishability of this product.

In concluding, I would call attention to the statement that in 1919 Swift and Company spent less than one fourth of one per cent of its sales on advertising. This is the same device which the packers have used in their endeavor to convince the public that their profits are small. As I recall, Swift and Company was reported to be spending something like \$2,500,000

on advertising, which does not appear so small. Moreover, if the packer's entire net profit is only something less than 2 per cent on sales, it should be apparent that .4 of one per cent is a very large fraction of their total net earnings.

After careful reflection on Mr. Weld's criticism I am inclined to maintain without change my judgment that there is such a thing as "excessive advertising," that it has been a potent factor in bringing about integration of marketing, and that integration so brought about does not represent any "public benefit."

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New York University.

REVIEWS AND NEW BOOKS

General Works, Theory and Its History

NEW BOOKS

ASLANIAN, D. *Les principes de l'évolution sociale. I. La cinématique. II. La dynamique.* (Constantinople-Péra: D. Valéry. 1921. Pp. 29; 32.)

BURTON, E. D. and PARK, E. J. *Introduction to the study of sociology.* (Chicago: Univ. of Chicago Press. 1921.)

BURCH, H. R. *American economic life, in its civic and social aspects.* (New York: Macmillan. 1921. Pp. viii, 533.)

This brief elementary text, a revision of Dr. Burch's *Elements of Economics*, seems capable of guiding the student successfully through a mass of bookish material, with satisfaction in the process. The language has the ease and concreteness of conversation yet is scholarly and mature. The elements of economics are here considered as the problems of consumption, production, exchange, distribution, and economic reform. Every chapter is preceded by an outline of its contents, and followed by questions on the material studied, questions for discussion, and library references. The civic and social factors of American life are also emphasized. The book impresses one as a model of the art of teaching.

AMELIA C. FORD.

CONI, E. A. *Las tierras en economía política. Ensayo de diferenciación técnica, económica y social.* (Buenos Aires: Imprenta Mercatali, calle José A. Terry 285. 1920. Pp. 22.)

CUNNISON, J. *Economics.* (New York: Dutton. 1920. Pp. xv, 168. \$2.)

Despite its publication in the United States this little volume is a British book. The author is a lecturer in social economics at the University of Glasgow. The title is rather pretentious for so brief a treatise, but the author confines himself to the discussion of production in part I, The Making of Wealth; of distribution in part II, The Wealth of the Individual—Earning and Spending; and in part III, The Question of the System, he discusses the question of the limits of state intervention. Throughout the style is closely packed and unadorned. Much matter is compressed into few words.

Part III is concerned with what ought to be, and regards "with considerable doubt the easy optimism which suggests that freedom of enterprise leads to a just and smoothly working system." The facts of unemployment show that production does not accommodate itself quickly to change in demand as indicated by prices and wages. And prices are not a true measure of worth but of wants combined with means. "A rich lady would be willing to pay more for food for her dog than a poor man for food for his child." Such failures justify the public control of monopolies, labor legislation, social insurance, and the Poor Law. Lastly the text considers the regulation of industry in war time and after, concluding that government control "was intended to apply only so long as exceptional conditions lasted" and "implied no loss of faith in the efficacy of free economic forces, in normal times, to bring about the best results." A *via media* is found between crude individualism on the one hand and

absolute government control on the other in a conception of state action to "promote conditions of equality." This is illustrated by the development of a peculiar legal status for the trade unions which places them on a footing of equality with the employers.

A student having need of a concise statement of the essentials of economic theory will find this a useful little book. Not the least of its merits lies in the author's clear apprehension and constant application of his discussion to questions of human welfare.

C. E. P.

EDIE, L. *Economics considered as a social science*. Edited by SEBA EL-DRIDGE. (New York: Crowell. 1921.)

GOBBI, U. *La scienza economica de la crisi sociale*. (Milan: Hoepli. 1921.)

GUENTHER, A. *Krisis der Wirtschaft und der Wirtschaftswissenschaft*. (Dresden: Sybillen-Verlag. 1921. 9 M.)

KIRKALDY, A. W. *Wealth: its production and distribution*. (New York: Dutton. 1920. Pp. 147. \$2.25.)

This is the introductory volume of a series, being published under the general editorship of G. Armitage Smith, which is to cover trade, commerce, exchange, and finance. This first book is "designed to explain in a lucid and popular manner the fundamental facts in the *production of wealth* and the causes which regulate *distribution*." Little emphasis is placed on matters of production which are disposed of along with the historical stages of man's development, the problems of money and money lending, the mercantile system, preliminary definitions, and other matters, in the first thirty pages. The remaining space is given to three chapters on land, labor and capital as factors in production. The doctrines presented can be briefly indicated: "Theoretically the amount of what is produced that can be claimed by the labour force we have just considered, is the whole body of wealth produced after the shares due to land and capital have been deducted. The amount due to land depends on the fertility or utility of the land; that due to capital is the market rate of interest together with an addition proportionate to the risk involved in the industry in which it is employed. In some cases the risk may be small, in others it may be considerable. This insurance against risk requires careful consideration. For instance, the risk increases when producers do not coöperate harmoniously, and production is thereby hampered" (pp. 73-74).

It is difficult to conceive what service a treatment so brief and discursive, not to say superficial, can render. It is certainly not fitted for a text and, while its preachers with their complacent defence of things as they are, may find favor in certain quarters, its doctrines, however pleasantly presented, cannot be said to furnish a dependable chart of the pathway of progress.

C. E. P.

TURGEON, C. *La valeur d'après les économistes anglais et français depuis Adam Smith et les physiocrates jusqu'à nos jours*. (Paris: Recueil Sirey. 1921. 25 fr.)

WATTS, F. *An introduction to the psychological problems of industry*. (London: Allen & Unwin. 1921. 12s. 6d.)

WORMS, R. *Philosophie des sciences sociales*. Vol. III. *Conclusions des*

sciences sociales. Second edition revised. (Paris: Giard. 1920. Pp. 302.)

Economic History and Geography

The Yorkshire Woollen and Worsted Industries. By HERBERT HEATON. Oxford Historical and Literary Studies, Vol. X. (Oxford: Clarendon Press. 1920. Pp. x, 457.)

This careful monograph is the first exhaustive study of any of the great textile districts of England. Important contributions to the history of some of the districts have been made by the writers in the volumes of the *Victoria County History*, notably by Professor Unwin and Miss Sellars, but even the best chapters in the county histories fail to exhaust the rich material that we now know is available. Mr. Heaton has made good use of local manuscripts and printed records, so that little remains to be done for Yorkshire.

Mr. Heaton has made no attempt to describe the changes in the industry in the nineteenth century. The narrative is brought down to the beginning of the transformation wrought by the Industrial Revolution, but for the later history the reader is referred to the work of Mantoux, Clapham, and the Hammonds. It was a wise decision thus to avoid the complex problems of the recent period, but it is to be hoped that writers whose interests are chiefly in the nineteenth century will make good use of Mr. Heaton's study. The eighteenth century appears in very different guise according as it is treated as the "good old time" prior to the wage slavery of the Industrial Revolution or as the period in which the outlived fabric of the feudal order was sloughed off. Full knowledge of the past, in this case as in others, reveals substantial discomforts and difficulties that can be easily forgotten when the past is made to serve merely as a decorative back-drop for the tragedy of the present day. Historians will not be surprised to find that Mr. Heaton discovered a social order that differs in many respects from the idyl so frequently drawn of the "spinners in the sun." "There was much in the cottage industry," he says, "which was quite as unhealthy as the conditions in the early factories." Dye vats, foul dyestuffs, charcoal stoves for heating combs, low ill-ventilated rooms, all contained elements of danger that were only in part counteracted by the opportunities for outdoor life in the intervals between the spells of industrial work (p. 349).

We find also this judgment of the old craft industry (pp. 350-351):

The Industrial Revolution has been accused of having destroyed man's joy in labour, and of depriving him of that pleasure which he is supposed to have experienced from working in his own home, at something which was entirely the work of his own hands. But the Industrial Revolution

never destroyed any such joy and pleasure in the textile industry, simply because they never existed. The trivial round and common task of the eighteenth century worker was drab and monotonous, and he would be intensely amused if he could realize the glamour which has been cast today over his dreary toil.

Although the ground of the study has been worked over by many hands there is much in the book that is distinctively new. Some of the author's work upon new sources of information has already been given to the public in periodical articles, though many of these have doubtless had a restricted circulation. Examination of the early rolls of freemen has thrown light upon the perplexed question of Flemish immigration in the early fourteenth century. The development of the gilds is traced with care from sources only recently printed. The organization of the crafts in the Stuart period is very well described from new materials. The ulnage accounts, which have been utilized in part by others, have been examined in their entirety for York. For purpose of comparison, the accounts for the other counties have been tabulated for the year nearest 1470, giving us our first genuine knowledge of the relative importance of the various textile areas. The history of the cloth halls is complete, thanks to the manuscript of the trustees of the White Cloth Hall. The statutes and the quarter sessions books supply material for a complete description of state regulation of the industry during the eighteenth century. In addition to these longer passages that are largely if not entirely new, there are many small items that are frequently of substantial importance, though it is impossible to refer to them in a brief notice.

The description of the organization of the industry is detailed and interesting, but the terminology used in classifying the various forms of organization is not satisfactory. Mr. Heaton expressed dissatisfaction with the term "domestic system," but he suggests no solution. "The suggested alternative," he says, "'commission system,' is open to criticism, and it seems impossible to invent a really adequate title to describe in a couple of words, the distinctive characteristics of the industrial society that came between the gild and the factory" (p. 89). It is unfortunate that the German classification of the industrial forms has made so little impression upon English writers. It is not necessary to invent a term; literal translation of the German "Verlagssystem" yields an unmistakable term,—putting-out system. This phrase is perhaps not elegant, but it has no misleading connotations and is so close to the English idioms of the trade that it is in no sense forced in meaning. Had such a term been used, Mr. Heaton would scarcely have failed to recognize the significance of the difference in the scale of operations that existed between the small clothiers of Yorkshire and

the large clothiers of the west of England. The emphasis upon the putting out of work by a capitalist employer would have forced him to distinguish between the craft work of the small master and the capitalistic system that grew up with the progress of the division of labor. The growth is sketched in some detail in connection with the description of conditions at the close of the eighteenth century, but the distinction between craft industry and the putting-out system is denied in an earlier passage. The value of the text is not impaired by this slight confusion in terminology, but an opportunity was lost. Careful attention to terms might have done much towards a clarification of English usage in a matter that is of great moment in the presentation of industrial history.

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The Enclosure and Redistribution of Our Land. By W. H. R. CURTLER. (Oxford: The Clarendon Press. 1920. Pp. viii, 334.)

The general reader of English economic history will welcome this volume as a much needed complement to *A Short History of English Agriculture*, by the same author, for in the earlier volume the reader is likely to feel the need of a more complete account of the peculiarities of English land tenure as a background for an understanding of the historical development of English agriculture. There is a certain amount of overlapping in the two volumes, more especially with regard to land tenure. Likewise, from the standpoint of the general reader, Professor Curtler's new book may fill the need for a continuous history of English land tenure from the early Saxon period to and including the Small Holdings and Allotment act of 1908. Teachers of economic history will find the book useful for supplementary reading because of the clarity of style and the care with which the author has either avoided technicalities or has made them clear to the general reader by careful definition—a most welcome characteristic to many American readers when first encountering the intricacies of English land tenure.

However, from the standpoint of the technical student, the book is not and does not purport to be a complete and continuous history of English land tenure. The central theme, as suggested by the title, is, on the one hand, the processes of enclosure and engrossment and, on the other hand, the movements and policies designed to modify the effects of these earlier processes by redistributing the land.

As introductory to the history of the enclosure movement, the author devotes seven chapters to a description of the manorial system and the common field system as existing before modified by enclosure and other changes.

In this portion of the book, the author does not pretend to break new ground. In the preface he states: "In the early part I have, in order to present a consecutive story, trodden well worn ground, and where Vinogradoff, Maitland, Ashley, Seebohm, Slater, Gonner, Tawney, Gray [H. L.], and others have worked there is little that is fresh to be discovered. I have, therefore, relied largely on their guidance, which is freely acknowledged in the text."

The general reader will appreciate this summary of the latest results of research in this difficult field and particularly the pains the author has taken to clarify the subject by careful definitions. Sometimes this very clarity leads the author to indulge in doubtful generalizations. Among these may be noted the statement on page 2, "Enclosure and the consolidation of holdings was unanimously desired and no sign of opposition was evinced," although plenty of evidence of such opposition both on the part of persons affected and on the part of contemporary writers on the common field system is presented in other portions of the book. Also questionable is the statement on page 23: "We may, perhaps, look on the *gafol gelder*, the *geneat*, and the *gebur* as the representatives of the *ceorls* of *Æthelbert's* laws; the former having maintained his position, the second deteriorated somewhat, and the third deteriorated to a greater extent." It may be asked whether it is not probable that *laetmen* of *Æthelbert's* time were, to a considerable extent, the prototypes of the *geburs*?

The second main division of the book, including two thirds of the total number of pages, is devoted to the history of the enclosure movement from the early pre-Tudor instances of consolidation to the close of the nineteenth century. So far as the Tudor enclosure movement is concerned, the writer has relied on the results of researches by Tawney, H. L. Gray, Gonner, Slater, Gay, Johnson, and others. One gets the impression, however, that the author is acquainted with the sources, which he has drawn on freely for illustrative material. In the study of the later enclosure movement, particularly the parliamentary enclosures, he has entered a much less thoroughly explored territory and the 125 pages devoted to this period gives evidence of intensive research. The author's real contributions on the subject consist in his detailed description of the *modus operandi* of enclosure both under the private acts and under the general acts of Parliament and in his critical discussion of the effects of enclosure and of the responsibility of the landlord class for the movement.

The discussion of the methods of bringing about enclosure is simplified by a classification of the kinds of enclosure and the methods of enclosure (pp. 81-83). The description of enclosure by private acts gives the impression that the movement, in spite of its abuses, was a

systematic program of land utilization and community planning, based on a careful land classification and survey. Considerable foresight was exercised in planning public roads, setting aside quarries for the improvement of the roads, and at a later time providing recreation grounds and other public utilities. The private acts are by no means a series of isolated and unrelated policies, but as early as 1760 had attained a fairly regular form. The author discusses in detail the expense of enclosure. He concludes that the direct expenses averaged about £1 per acre, but the indirect expenses, such as interior fencing, readjustment of buildings, and construction of private roads and drains were much heavier. In short, the indirect expenses probably amounted frequently to ten times the direct expenses. The poorer farmers without suitable credit were compelled in large numbers to relinquish their allotments through inability to finance the expense of enclosure, even though the increase in some of the holdings resulting therefrom was usually much greater than the expense. In reading the account one is inclined to regret that the enclosure acts were not supplemented by some system of public credit for refunding the expenses falling to the share of the small holders. As to the equity of the process of enclosure by private act, the author concludes, "In spite of some favoritism, there is no reason to think that the commissioners behaved with the partiality often attributed to them and on the whole they did their work honestly and impartially" (p. 159).

The author's attitude toward enclosures, and indeed toward allotments and small holdings, must be gauged in part by his evident "softness" toward the large landlord class. Many passages in the book reflect his impatience of the prevalent modern tendency to blame this class with the economic ills of England. It would be possible, if space permitted, to cite many passages which reflect this attitude. A single passage may be quoted for illustration: "Few will have sympathy with those who represent English landlords as engaged in a long sustained Machiavellian plot to deprive the poor man of his land, for such a charge shows ignorance both of history and of the character of Englishmen but the sin of ignoring the moral claims of the poor on enclosure, must on the whole be laid to their charge" (p. 245). In view, however, of the author's admission in the latter part of the quotation and of other admissions that landlords employed high handed methods, albeit commonly by legal procedure, that they were for the most part, prime movers in the process and that they were largely moved by economic self interest, it is difficult to see that he has made out a favorable case, except probably to show that the process of enclosure far exceeded the disadvantages, however selfish may have been the impelling

motives, and that enclosure should not be charged with some of the evils commonly attributed to it.

On the question of the advantages and disadvantages of the enclosure movement, the author must be credited with many passages of well balanced discussion. In the first place he attempts to exonerate the enclosure movement from entire responsibility for the disappearance of small holders, recognizing that small holders (freeholders, copyholders, and tenants) were a numerous and a relatively important class at the beginning of the eighteenth century. He attributes the decline in their relative numbers to other causes as well as to enclosure, including the development of commercial and competitive agriculture, the over-valuation of land as a result of the desire of the newly rich to acquire the social prestige of estate ownership, the disappearance of cottage by-industries, and the doctrine of the profitableness of large-scale ownership which accompanied the predominance of grain farming. In fact, the author believes that had the present urban demand for dairy products, eggs, fruits, and vegetables existed during the period of rapid enclosure, a much larger number of small holdings probably would have survived.

As to the improvement in economic efficiency attributable to enclosure, the author makes a convincing case. He has also assembled significant data to show that the commons had become an anachronism. After the system of village control and regulation of the commons had passed away, the commons became a public nuisance—the refuge of the idle and criminal, the occasion of innumerable disputes, and altogether a wasteful method of using the land. In this case, the author makes bold to say that "opinions of most modern writers on the subject, who lament the loss of the commons, are engendered in the closet" (p. 224). However, it is admitted that many deserving persons suffered loss through enclosure of the commons, and particularly those who had a moral rather than a legal right to their use. "This is the great blot on the enclosure movement—the failure to make compensation for the moral loss suffered by the deserving commoners. Many of the best men of the day—Sinclair, Young, and others—urged that this should be done, and in a few cases it was done; but in the great majority it was not" (p. 245).

The discussion of the small holdings and allotments movement in the last four chapters is a sequel to the discussion of foreclosures: it is shown that as a means of mitigating the hardships incident to enclosure, many private landlords provided allotments for laborers. The author traces the beginning of this movement to the early part of the eighteenth century. By 1887 there were 749,309 working men in England and Wales who had allotments out of a total of about 850,000

agricultural laborers in the preceding year. While not all of those provided with allotments at that date were agricultural laborers, it is probable that a large proportion of the agricultural laborers of the country were not landless, and the author believes that this result had largely been accomplished by the voluntary action of large landowners. In fact, the allotment legislation from 1782 to 1887 had been generally incident to poor relief and on the whole unsuccessful.

For the most part, the author's attitude toward allotments is favorable, but he is extremely doubtful of the advantages of small holdings and particularly of the success of small holdings created by legislation. The success of small holdings in the days of Gregory King is attributable to the fact that agriculture was largely self sufficing and free from keen competition and to the advantage of by-industries. It is probable that the creation of small holdings by legislation implies in part a substitution of an uneconomical for an economical scale of organization. "Moreover, against the 'magic' of property is put the 'poison' of property—whereby a man is led to sacrifice everything, even his health, to his land and his crops" (p. 265 note). Supplementing the tendency of legislation for small holdings the author points to the marked tendency for landlords voluntarily to subdivide and sell their estates, which are largely being purchased by their tenants. More than one third of the land of England had thus changed hands in the ten years preceding 1919. In these ways the results of the enclosure and engrossment processes are being reversed.

LEWIS C. GRAY.

NEW BOOKS

BACHI, R. *L'Italia economica nel 1919*. Anno XI. (Milan: Soc. Ed. Dante Alighieri. 1920. Pp. xii, 476).

The first year of peace in Italy, hailed as a year likely to restore at least the semblance of pre-war conditions, was an epoch of grave disorders. Inflation of the currency was at once the effect and the cause of profound trouble. The latest edition of Bachi's annual follows the course of these changes and indicates the specific forms they took in matters of trade, banking, prices, production, labor, transportation and public finance, together with the activities of the various classes of association (industrial, labor, etc.) of the nation. A feature new with the current volume is a considerable section dealing with the economic conditions and problems of Julian Venetia.

R. F. FOERSTER.

BAKER, C. W. *Government control and operation of industry in Great Britain and the United States during the world war*. Carnegie Endowment for International Peace. Preliminary economic studies of the war, no. 18. (New York: Oxford Univ. Press. 1921. Pp. v, 138.)

BLICKLE, K. *China, Wirtschaft und Wirtschaftsgrundlagen*. (Berlin: Vereinigung Wissensch. Verleger. 1921. 36 M.)

BRESCIANI-TURRONI, C. *La politica commerciale dell' Italia. L'Italia Nuova*, series A, no. 9. (Bologna: Nicola Zanichelli. 1920. Pp. 130. 5 l.)

BROWN, R. N. R. *The principles of economic geography*. (London: Pitman. 1920. 10s. 6d.)

BULKELEY, J. P. *The British Empire: a short history*. (Oxford: Clarendon Press. 1921. Pp. x, 227.)

CHESSA, F. *Costo economico e costo finanziario della guerra*. (Rome: Athenaeum. 1920. Pp. 137.)

DIX, A. *Wirtschaftskrieg und Kriegswirtschaft*. (Leipzig: Koehler. Pp. 369.)

DOMVILLE-FIFE, C. *The states of South America*. (New York: Macmillan. 1921.)

ELDRIDGE, S. *Social legislation in Illinois; needs and opportunities in 1921*. (Rockford, Ill.: W. M. Shimmin & Co. 1921. Pp. 110.)

FRACCARETA, A. *La trasformazione degli impieghi di intrapresa*. (Napoli: Pierro. 1920. Pp. 442. 18 l.)

GAVRONKY, D. *Le bilan du bolchevisme russe d'après des documents authentiques*. (Paris: Imprimerie Union. 1920. Pp. 104.)

GILES, H. F. *The advantages and opportunities of the state of Washington for homebuilders, investors and travelers*. (Olympia, Wash.: Bureau of Statistics and Immigration. 1920. Pp. 152.)

GREEN, F. E. *A history of the English agricultural labourer, 1870-1920*. (London: King. 1920. Pp. x, 355. 16s.)

HARPER, R. M. *Resources of southern Alabama; a statistical guide for investors and settlers*. Special report no. 11. (University, Ala.: Geological Survey. 1920. Pp. 152.)

HASBACH, W. *A history of the English agricultural labourer*. Translated by RUTH KENYON. (London: King. 1920. Pp. xvi, 465. 12s. 6d.)

HOWE, F. C. *Denmark: a coöperative commonwealth*. (New York: Harcourt, Brace & Co. 1921. Pp. ix, 208. \$2.)

HUGHAN, J. W. *International government*. Edited by SEBA ELDRIDGE. (New York: Crowell. 1921.)

IWASAKI, U. *The working forces in Japanese politics. A brief account of political conflicts, 1867-1920*. Columbia University studies in history, economics and public law, vol. XCVII, no. 1. (New York: Longmans. 1921. Pp. 141. \$1.50.)
Chapter 8 is entitled "The workers."

LINGELBACH, W. E., compiler. *Economic aspects of the war. Historical outlook reprints*, no. 8. (Philadelphia: McKinley. 1921. 20c.)

LIPPINCOTT, I. *Economic development of the United States*. (New York: Appleton. 1921. Pp. 670. \$8.50.)
Encyclopedic information has here been reduced to the limits of an

easily handled volume of six hundred odd pages. This comprehensive textbook surveys the whole field of American industry from 1492 to 1920, and gives, therefore, necessarily, only the gist of the whole story, but every chapter is followed by a list of a few well chosen references with which the text can easily be amplified. It is truly a history as it concerns itself not only with results but particularly with the causes which have brought about those results; it records economic growth. The fundamental factors in our economic life are first set forth in the opening chapters, as man, human institutions, and natural resources. The author then divides his subject into the usual four periods; the colonial period to 1789; the period of the founding of our industrial system, 1789 to 1865; the period of expansion of national industries, 1860 to 1914; and the war period, 1914-1920; in each epoch he traces through the changes in regard to territorial expansion, population, the extractive industries, manufactures, and commerce. To make it clear that development was contemporaneous in all these different fields, in spite of their being studied separately, the author frequently shows their relation in the process of development by the use of summaries and by introductory matter at the beginning of the chapters. Parts II and III covering the first two eras up to 1866 contain more or less familiar material and are treated rather briefly. It is the section devoted to the expansion of our national industries between 1860 and 1914, and occupying over half the book, that is the author's masterpiece. Here one finds the new material and new emphasis that form the unique excellence of this latest history. Every topic is rounded out by a discussion of recent methods, and thus an insight into present business conditions is given. For instance, under the caption of manufactures, emphasis has been laid on such modern features as the development and use of raw materials, technical improvements, the expansion of our industrial organization, the growing specialization in industry, and the growth of government regulation; in the discussion of commercial development, it is shown that the significant outcome of the past sixty years of development has been not only the enormous growth of industry, but the closer association of business men into various kinds of organizations, such as chambers of commerce and boards of trade; the development of new methods of marketing, such as the department store, the mail-order firm, and the chain stores; the introduction of new commercial facilities such as various forms of insurance, mercantile agencies for credit information, storage, growth of advertising; and lastly, the rise of schools for higher commercial education.

The brief, closing chapter on the war period deals with the various measures adopted to cope with war conditions, and the legislation restoring industry to a peace basis. At the end, the writer outlines seven problems which he considers among the most important ones in our economic world. While college students will probably make the most use of the book, it is also well adapted to the general reader. Tables of statistics, quotations from standard authorities, and other illustrative material have been so woven into the text that the book is remarkably free from the usual impedimenta of footnotes and appendices. There is a table of contents and an index.

AMELIA C. FORD.

Lord, A. R. *The principles of politics. An introduction to the study of the*

evolution of political ideas. (New York: Oxford Univ. Press. 1921. Pp. 308.)

DE LOUTER, J. *Le droit international public positif.* Two vols. (Oxford: Univ. Press. 1920. Pp. vii, 573; vi, 509. 22s.)

This work originally appeared in 1910. It is now published under the auspices of the Carnegie Foundation for International Peace.

MACKINNON, J. *The social and industrial history of Scotland from the union to the present day.* (New York: Longmans. 1921.)

MARTIN SAINT-LÉON, E. *La bourgeoisie française et la vie chère.* (Paris: Musée Social. 1921. Pp. 40.)

MOWRER, P. S. *Balkanized Europe.* (New York: Dutton. 1921. \$5.)

OGE, F. A. *The governments of Europe.* Revised edition. (New York: Macmillan. 1920. Pp. x, 775.)

PRICE, M. P. *My reminiscences of the Russian revolution.* (London: Allen & Unwin. 18s.)

RAWLINSON, H. C. *British beginnings in Western India, 1579-1657.* (Oxford: Clarendon Press. 1921. Pp. 158.)

REORDAN, E. J. *Modern Irish trade and industry.* (London: Methuen. 1920. Pp. 335.)

SAKSÉNA, E. B. *The economic effects of the war on India.* Part I. (Lucknow: Canning College. 1921.)

SARKAR, J. *Economics of British India.* Fourth edition. (London: Longmans. 1920. 7s.)

SMITH, C. M. *The British in China and Far-Eastern trade.* (London: Constable. Pp. ix, 295. 18s.)

STEVENS, W. B. *Centennial history of Missouri, one hundred years in the Union, 1920-1921.* Four vols. (St. Louis, Mo.: S. J. Clarke Publishing Co. 1921.)

TOTOMIANTZ, V. *L'Arménie économique.* (Paris: H. Turabian, 227, Boulevard Raspail. 1920. Pp. 94. 5 fr.)

TOWNSEND, M. E. *Origins of modern German colonialism, 1871-1885.* Columbia University studies in history, economics and public law, vol. XCIVIII, no. 1. (New York: Longmans. 1921. Pp. 205. \$2.25.)

WATERS, C. M. *A school economic history of England.* I. *From the conquest to the middle of the eighteenth century.* (New York: Oxford Univ. Press. 1920. Pp. xi, 315.)

L'Annuaire industriel. I. *Section française.* (Paris: Pernet, Gensel, Thirion & Co. 1921. Pp. xvi, 526.)

Economic history of Chosen. Economic history of Manchuria. (Seoul: Bank of Chosen. 1920. Pp. viii, 266; iv, 308.)

Students of the Orient must regard with satisfaction the conjoined compactness and considerable scope—almost encyclopaedic—of these two

books, each presenting systematically a geographical and historical sketch of the region dealt with and a statistical and descriptive account of its recent economic life (agriculture, industry, money, banking, transportation and trade).

The desire to stand well in the eyes of the world, so characteristic of modern Japan, forces itself rather too constantly on the reader's notice. The book on Chosen, especially, is in large part an *Apologia*. In race and language it is said the Koreans are akin, not to the Chinese but to the Japanese. "The recent union of the two nations may, therefore, be said to be the reunion of two brothers of the same family whom nature had long separated." The dullness, slovenliness, laziness, and lack of thrift long characteristic of the Koreans are now being rapidly corrected under Japanese guidance; the Koreans "are after all a people worthy of being acknowledged as kinsmen." The specific proofs of benefit to Korea from this renewed fraternity might be more convincing if they were not at some points too good for ready belief. Thus a series of tables shows an immense increase in the productivity of the fields from 1910 (the year of actual annexation) to 1918. Even from 1910 to 1913 the rice crop is represented as increasing by 33 per cent, the barley by 92 per cent, beans nearly 30 per cent, wheat 88 per cent, the total volume of these chief food products together with millet, rye and oats, by 44 per cent. In three years it would appear the official activity of the Japanese has so stirred the dull, indolent mass of rural Korea—two and one-half million families—as to increase the product of their labors by more than 40 per cent. In eight years—up to 1918—these chief products of the soil are represented as increasing by almost 90 per cent. It seems not out of place to note that Japanese official statistics, at least those referring to the dependencies, have been unmistakably untrustworthy. Thus in the *Financial and Economic Annual of Japan* for 1912 the rice crops of Formosa for the years 1901 to 1907 were represented as being just half as great as they had been reported in the earlier issues of the same publication. In 1916 the "Annual," and also the "Résumé Statistique de l'Empire du Japon" revert to the higher figures for the crops 1901-1904 but not for the 1905-1907 crops. There is a somewhat similar contradiction as to tea and sugar. It seems not unfair to recommend that both these volumes be employed with a critical regard to the fact that they are designed to represent in the best possible light Japan's policy of expansion.

A. P. W.

Readings in English social history from contemporary literature. Vol. I. From pre-Roman days to A.D. 1272. Pp. xv, 117. \$1.40. Vol. II. A.D. 1272-1485. Pp. xi, 109. \$1.40. (New York: Macmillan. 1921.)

La République de Finlande. Aperçu économique et financier. (Helsinki, Helsingfors: Bureau Central de Statistique. 1921. Pp. 75.)

Venezuela. An economic report presented by students of the school of foreign service as an aid to the foreign trade of the United States. School of Foreign Service series II, bull. no. 1. (Washington: Georgetown Univ. 1921. Pp. 166.)

Agriculture, Mining, Forestry, and Fisheries

NEW BOOKS

BROWNE, E. A. *Tea. Peeps at industries.* Second edition. (London: A. & C. Black. 1917. Pp. 88.)

CENCELLI, A. *La proprietà collettiva in Italia. Le origini, gli avanzi, la ricostruzione. I demani collettivi per i contadini.* Second edition, enlarged. (Milano: Hoepli. Pp. viii, 216. 7.50 l.)

CONACHER, H. M. and SCOTT, W. R. *Report of the Board of Agriculture for Scotland on agricultural credit and organization in France, with suggestions for a Scottish scheme of agricultural credit.* (Edinburgh: Scottish Board Agri. 1920. Pp. 69.)

COOPER, M. R., and WASHBURN, R. S. *Cost of producing wheat on 481 farms in the states of North and South Dakota, Minnesota, Kansas, Nebraska, and Missouri, for the crop year 1919.* Bull. no. 943. (Washington: U. S. Dept. Agri. 1921. Pp. 59.)

CUNNINGHAM, J. C. *Products of the Empire.* (New York: Oxford Univ. Press. 1921. Pp. 299.)

FOLGER, J. C. and THOMSON, S. M. *The commercial apple industry of North America.* (New York: Macmillan. 1921. Pp. xxii, 466.)

GREEN, F. E. *A new agricultural policy.* (London: Leonard Parsons. 1921. 4s. 6d.)

HOWE, F. C. *Denmark, a coöperative commonwealth.* (New York: Harcourt, Brace & Co. Pp. ix, 203.)

Here is a very readable and so far as it applies to Denmark a very instructive book dealing chiefly with agriculture and coöperation by a man who apparently is a student of neither. Of the books on Denmark and Danish coöperation there are many. Mr. Howe has used them very freely. In fact, except for an introductory hint there is nothing to indicate that the material of the book was gathered by personal observation. It contains nothing new about Denmark but it does present very forcibly the fundamental reasons for the high degree of intelligence, democracy, social progress and economic prosperity for which the Danes are conspicuous.

The Danish farm population represents only one third of the total, but the farmers rule. The chief industry, as in most countries, is agriculture. The local coöperative society and the excellent system of rural and agricultural education for adults as well as children are the chief factors in Danish rural progress. The people's high schools are known the world over but it is astonishing to read that more than a hundred people's high schools and agricultural colleges are maintained in a population of three million people—one third agricultural—in a territory twice the size of Massachusetts.

Moreover the Danes have taken an advanced stand on matters of social legislation and taxation. There is food for thought in the fact that a naturally poor agricultural country thrives on free trade and business efficiency, that only one fourth of the national budget is expended for military purposes, 20 per cent for administration and 40 per cent for

social betterment and direct support of trade and industry, whereas in the United States 92 per cent of the present national budget is for military purposes, 8 per cent for administration, education, aids to commerce and all other purposes.

The book is not statistically exact nor scientifically accurate in statement. Moreover, those portions which deal with conditions of American agriculture and the application of Danish methods of agricultural policies in the United States are very superficial. Nevertheless, the material on Denmark is very well compiled and presented and merits wide popular reading.

ALEXANDER E. CANCE.

Massachusetts Agricultural College.

JILLSON, W. R. *The oil and gas resources of Kentucky.* Second edition. (Frankfort, Ky.: Ky. Geological Survey. 1921. Pp. xvi, 630. 25c.)

KAHN, A. R. *Sugar; a popular treatise.* (Los Angeles, Cal.: Sugar Pub. Co. 1921. Pp. 78. \$2.)

MARTIN, G. C. *Preliminary report on petroleum in Alaska.* Geol. Survey bull. 719. (Washington: Supt. Docs. 1921. 50c.)

THOMPSON, J. W. *Pennsylvania mining statutes annotated.* Bull. 185. (Washington: Dept. of the Interior. 1920. Pp. xlvi, 1221.)

Manufacturing Industry

NEW BOOKS

BROWNE, E. A. *Tea.* (London: A. & C. Blake. 1917. Pp. viii, 88.)

One of a "Peeps at Industries" series this book, first published in 1912, claims to be the "result of experience, observation, information and pictures harvested 'on the spot.'" Its style is popular and it quotes "only such figures . . . as make for broad, general ideas" although "great care has been taken to get accurate figures." The book will hardly "bring the reader into a complete understanding" of the tea industry, as promised in the prefatory note, but it will be helpful toward that end.

W. M. DUFFUS.

CARTER, H. R. *Jute and its manufacture.* (New York: Macmillan. 1921. Pp. vi, 192. \$2.)

Facts and figures of the automobile industry. 1921. (New York: National Automobile Chamber of Commerce, 366 Madison Ave. Pp. 96.)

Wool and cotton in all forms from yarn to fabric. (Boston: William Whitman Co. 1921. Pp. 177.)

Transportation and Communication

NEW BOOKS

ATTERBURY, W. W. *Where our railroads stand today; is their credit basis yet sufficient? how can pre-war personal efficiency be restored?* (Harrisburg, Pa.: Chamber of Commerce. 1920. Pp. 19.)

COLIN, E. *Les grands ports français.* Vol. XIII. *Le port de Paris.* Vol.

XIV. *Les ports de la Basse-Loire: Nantes et Saint-Nazaire.* (Paris: Dunod. 1921. Pp. 172; 176.)

LANINO, P. *Degli scioperi sulle ferrovie Italiane.* (Romen: Tip. dell' Unione Editrice. 1920. Pp. 94.)

Flexible fares. Service at cost as applied to the New York transit lines. With comment on Governor Miller's program. (New York: The City Club, 55 W. 44th St. 1921. Pp. 46.)

Good roads and motor transportation. Factors in food production. (New York: Nat. Automobile Chamber of Commerce, 366 Madison Ave. 1921. Pp. 11.)

Parcel post statistics. Issued by the United States Post Office Dept. (Washington: Supt. Docs. 1921. Pp. 68.)

Transportation. The problem of soft coal. (Washington: Nat. Coal Assoc. 1921. Pp. 15.)

Trade, Commerce, and Commercial Crises

NEW BOOKS

AUSTIN, O. P. *Trading with the new countries of Central Europe.* Foreign commerce series, no. 6. (New York: National City Bank. Pp. 66.)

CUNNINGHAM, J. C. *Products of the Empire.* (Oxford: Oxford University Press. 1920. Pp. 299.)

This little book is a summary survey of the principal products of the British Empire, the factors limiting their supply and the trade in them, domestic, intercolonial and international. The extent to which the Empire is, or might be, self-sufficing in particular products and current tendencies towards change in their output are investigated. There are numerous illustrations, also tables showing imports of wheat, maize, beef, sugar and raw cotton (1913-1917) and the area and population of the Empire in 1919. The book should prove useful to students of economic geography and international trade.

W. M. DUFFUS.

EWBANK, R. B., editor. *Indian coöperative studies.* University of Bombay economic series, no. 2. (New York: Oxford Univ. Press. 1921. Pp. 266. \$6.25.)

PICCIOTTO, C. M., editor. *The British year book of international trade.* (London: Frowde. Pp. 292.)

Chicago, the great central market. (Chicago: Marshall, Field & Co. 1921. Pp. 50.)

Ireland's markets, or a new field for American trade. (New York: Office of the Irish Consul-General, 119 Nassau St. 1921. Pp. 11.)

List of publications of the Department of Commerce available for distribution. Eighteenth edition. (Washington: Dept. Commerce. 1920. Pp. 80.)

Our new place in world trade. (New York: Guaranty Trust Co. 1921. Pp. 24.)

Memorandum regarding the application of the customs regulations of Venezuela, especially with reference to the North American commerce. (Caracas: Interamerican High Commission, Venezuelan section. 1921. Pp. 39.)

Accounting, Business Methods, Investments, and the Exchanges

NEW BOOKS

ALLEN, F. J. *A guide to the study of occupations.* Prepared under the auspices of the Bureau of Vocational Guidance, Graduate school of Education, Harvard University. (Cambridge: Univ. Press. 1921. Pp. xiii, 183.)

ASPLEY, J. C. *What a salesman should know about advertising.* Pocket edition. (Chicago: Dartnell Corporation. 1921. Pp. 119.)

BALLANTINE, H. W. *The preparation of contracts and conveyances, with forms and problems.* (New York: Macmillan. 1921. Pp. vi, 226. \$2.50.)

CARLIOS, M. J. *Le gouvernement des entreprises commerciales et industrielles.* Vol. XI. (Paris: Dunod. Pp. viii, 320. 1921.)

CARTHAGE, P. I. *Retail organization and accounting control.* (New York: Appleton. 1920. Pp. 349. \$8.)

The need of a textbook on department store procedure is well answered by this publication which treats of accounting and management systems. No consideration whatever is given to manufacturing, except where it is necessary to draw a comparison. The department store, the specialty shop, and retail store of any description are within the book's scope. Proper recording and marking of merchandise, from its receipt to its sale are clearly shown. Of particular value is the detailed study of the turnover, which is accompanied by statistics furnished by the leading stores. The problem of sales checks, their auditing and classification is thoroughly treated and consideration is given to the preparation and analysis of the various financial statements and reports.

M. J. S.

CHAPMAN, J. C. *Trade tests.* (New York: Holt. 1921. Pp. 435. \$4.)

In the recent war the personnel division of our army was confronted with the problem of finding 400 occupational specialists in every 1,000 men in the infantry, and a much higher percentage in the technical corps. On interview 62 per cent of the draftees and enlisted men credited themselves with trade ability. In all, over 250,000 soldiers were eventually trade tested. Of those professing trade skill 6 per cent were found expert, 24 per cent journeymen, 40 per cent apprentices, and 30 per cent novices or inexperienced men. Every industry finds much the same difficulty in selecting its personnel. The large labor turnovers are due in part to unsatisfactory conditions of work, in part to inaptitude of the workman, either general or specific. The problem of special aptitude is generally more inviting to industrial executives because it is more tangible. These executives will welcome Dr. Chapman's book for its suggestiveness of methods capable of successful operation in practically every

industrial field. The trade test, as the author explains, "was devised and constructed to make it possible for a trained examiner, unskilled in any particular trade, to measure in objective terms the trade standing of any recruit claiming skill in any of the several hundred trades necessary to the work of the army." This fact makes the various types of trade tests available to the personnel assistants. The particular industry has a choice of four types of tests on which to work, the oral trade test, the picture trade test, the performance trade test, and the written group trade test. This book adequately explains each type, and has profuse illustrations and specimen tests (published by permission of the Adjutant-General); it describes test methods, technique, and scoring; and it discusses the relative merits and defects of each type of test.

Before such material can be used, of course, there must be a thorough-going job analysis. The book is fortunate in its inclusion of a chapter on this subject. Other of the fifteen chapters discuss the adaptation of trade test methods to the training of employees, and the installation of trade tests. In all, the book is well organized, has much excellent material, and is well worth careful study.

Although trade testing will eliminate many troubles in industry, it alone will not ensure perfect industrial operation. This book, therefore, should be read in conjunction with three other excellent books on the employment problem, Link's *Employment Psychology*, Tead's *Instincts in Industry*, and Goddard's *Human Efficiency and Levels of Intelligence*.

CHARLES LEONARD STONE.

DAWSON, S. S. *Accounting*. (New York: Pitman. 1921. Pp. 279. \$4.)

DIEMER, H. *Industrial organization and management*. (Chicago: La Salle Exten. Univ. 1921. Pp. xv, 291. \$8.)

EARLE, G. H. *Does price fixing destroy liberty? A consideration of certain economic and common law principles applying to governmental interferences with the liberty of trade*. (Philadelphia: Author. 1920. Pp. 183.)

EAVES, L. *Training for store service*. (Boston: Richard C. Badger. 1920. Pp. 148. \$2.)

This book is the report of a series of investigations made by the Research Department of the Women's Educational and Industrial Union into the vocational experiences and training of juvenile employees (fourteen to twenty-one years old) of retail department, dry goods and clothing stores in Boston, Massachusetts. The purpose of the study may be stated in the author's words, "It is hoped that the reading of such a discussion will assist young mercantile workers to see their tasks as part of the great public service of distribution, that store managers in other cities may profit by the description of progressive policies which are being developed by Boston business men, and that educators will find suggestions which may be embodied in the courses of training for store service which are being introduced in the secondary and continuation schools of many cities."

For this purpose, the discussion substantiates the following points:— The field of retailing furnishes employment to a larger number of in-

habitants of great cities than any other single occupation. The sale of clothing offers the city dweller greater opportunity for employment than any other field of distribution because its sale is more concentrated in large centers than in the case of other human needs. In a study in 1914 of the large department and dry goods stores of Boston, it was found that 44 per cent of the regular employees and 45 per cent of the extra employees were under twenty-one years of age. There is a marked increase in the sale of ready-made clothing. Stores carrying such merchandise require a higher grade of employees and offer them less seasonal employment than other stores. "Retail department, dry goods and clothing stores offer important fields of vocational education, not merely because they employ large numbers of juvenile and adult workers but also because such training is necessary for the successful development of their business and because they afford peculiar facilities for sound educational work which may have personal as well as economic value."

There follows a discussion of the qualities found most valuable in store work, the occupations offered in stores and the distribution of store workers, why young store workers shift employment and the education which is given or might be given to store workers or prospective store workers in elementary, continuation and secondary schools or in business itself. One fact brought out that should make those establishing courses in salesmanship pause, is the fact that only 20 per cent of the 1,000 young people studied go into selling, 20 per cent into clerical work, and 60 per cent into subsidiary occupations and yet our secondary schools are placing the chief emphasis on salesmanship training, expecting young people to go from school into selling where stores are unwilling to place them because of their lack of maturity.

Of the three classes which the author has tried to reach, young workers, business men and educators, the book will be of most value to the latter. And to that group it will be found a valuable contribution because of the extension of training for store work throughout the states because of the federal aid through the Smith-Hughes money. It will be most useful to those arranging for the training to be given, whether they are outside or within the store.

BERNICE M. CANNON.

EGGLESTON, D. C. and ROBINSON, F. B. *Business costs*. The College of the City of New York series in commerce, civics and technology. (New York: Appleton. 1921. Pp. xxx, 587. \$7.50.)

A worthy addition has been made to the growing body of scientific business literature by the publication of this book on cost accounting for extractive, manufacturing, and mercantile industries of either the continuous-process or the job-order type. The general plan is to present at the outset a comprehensive view of the elements of cost, including the general cost formula, and to set forth the relationship of cost to production and the general system of interlocking the cost accounts with the financial records. The rest of the book deals with the details of device and practice that would be met in many different situations confronting the cost accountant in various lines of business. A wealth of illustrations and forms, in all over two hundred, have been well chosen and are conveniently distributed throughout the text. One of the especially desirable features of the work is the large number of arithmetical calculations illustrating

definitely and concretely various problems and principles. The last part is confined to a brief description of several complete cost systems covering a trading enterprise, process factories, job order factories, estimating cost systems, and textile mills.

The essential characteristic of the book is concreteness. It lacks, however, an adequate presentation of the philosophical, controversial, and moot aspects of the subject. When used in connection with a text dealing more completely with these fundamentals, excellent results should be obtained.

M. J. SHUGRUE.

FRENZ, G. *Kritik des Taylor-Systems*. (Berlin: Springer. 1921. 10 M.)

HARRISON, G. C. *Cost accounting to aid production; a practical study of specific cost accounting*. (New York: Engg. Mag. Co. 1921. Pp. xv, 234.)

HAWKINS, N. A. *The selling process*. Sixth edition. (Detroit: Author, 318 Majestic Bldg. 1920. \$3.50.)

HOLMES, A. H. *A study of personality and its relation to salesmanship*. (Cincinnati, O.: South-western Pub. Co. 1920. Pp. x, 254. \$1.20.)

JONES, J. W. *The position and rights of a bona fide purchaser for value of goods improperly obtained*. Yorke prize essay for the year 1918. (New York: Macmillan. 1921. Pp. 128. \$4.)

KAHN, O. H. *The marketing of American railroad securities*. (New York: The Forum, 354 Fourth Ave. Pp. 32.)

KAYE, J. R. *A sales manual: the basic principles of salesmanship in their practical applications*. (New York: Boro Prtg. Co. 1921. Pp. iv, 212.)

MEHL, J. M. *Coöoperative grain marketing. A comparative study of methods in the United States and Canada*. Bull. 937. (Washington: Dept Agri., Bureau of Markets. 1921. Pp. 21, 5c.)

MULLINER, R. H. *Human engineering*. First edition. (Syracuse, N. Y.: Mulliner Bros. 1920. Pp. xv, 367.)

NAYLOR, E. H. *Trade associations: their organization and management*. (New York: Ronald. 1921. Pp. xiv, 386. \$5.)

A general work upon the organization and operation of trade associations is a novelty, in spite of the fact that trade associations have existed and exerted more or less influence for a score of years.

The experience of the author in the active management of such associations qualifies him to give a description of the organization and functioning of such trade organizations; but, as might be expected, it also offers an inducement to present only the arguments for association. The argument given has its weak points, which may be illustrated by the following statement found in the chapter, Competition and Coöperation: "Competition at all times should be based on quality and service and never on prices. . . . It is the application of law of nature." Since the book is intended to appeal to the business man interested in trade association as a present or prospective member, the larger part is devoted to matters of organization, routine, personnel, and the functions and services performed by trade associations. Such chapter titles as Organizing the Association, Association Routine, Meetings, Commercial Functions, Industrial Func-

tions, Service Activities, The Secretary, Statistics and Their Use, The Law and the Association, give an idea of the scope of the work. From the viewpoint of the economic student, the information, classification, and analysis of associations are neither complete nor scientific, and there is little attempt to give an impartial estimate of the benefits and the dangers of the different types. The work is useful in showing the inside workings of an average association and bringing to the attention of many of the ineffectual organizations, with which the country is infested, some view of the possibilities of a trade association.

As a whole, the work is very interesting. Although the fact that the information might be compressed into much smaller space and that the attitude is not scientific may affect its value for the student, it does not detract so seriously from its value for the business man for whom it is intended. It is to be regretted that no comparison of American associations with present European associations has been undertaken and that the newer research work of British organizations is neglected. HARRY R. TOSDAL.

NEWLOVE, G. H. *C. P. A. accounting, theory, auditing, and problems.* (New York: Appleton. 1920. Pp. x, 416.)

—. *Industrial accounting: with C. P. A. questions and problems.* (New York: Appleton. 1921. Pp. viii, 266.)

OAKLEY, F. *Principles of government accounting and reporting.* (New York: Appleton. 1921. Pp. xxvi, 561. \$5.)

The Institute for Government Research, which is an association of citizens for coöperating with public officials with a view to promoting efficiency and economy in government operations, publishes a series called *Principles of Administration*. The aim is to subject each of the more important technical branches of public administration to careful study. The present volume treats of the manner in which government accounts should be kept and the proper form and content of public reports of government financial transactions. State and municipal government accounting and reporting are covered in particular. Information needed by operating and controlling executives, the legislative body, and the public is given fully. There are also chapters dealing with funds, including appropriations and their content and operation, the budget, the balance sheet, surplus accounts, receipts, expenditures, fixed property accounts and numerous allied items.

M. J. S.

OSBORN, A. F. *A short course in advertising.* (New York: Scribner's. 1921. Pp. xiii, 248.)

PARSONS, F. W. *American business methods.* (New York: Putnam. 1921. Pp. ix, 373. \$2.50.)

PAYNE, F. M. *The real estate educator.* (New York: Carey Co., 148 W. 96th St. 1920. Pp. 205.)

SAKOLSKI, A. M. *Elements of bond investment.* (New York: Ronald. 1921. Pp. 158. \$2.)

STANGER, W. A. *Personal selling.* (New York: Biddle Pub. Co. 1920.)

THOMPSON, M. W. *Liberty bonds at par: outline of a plan to stabilize the market value of liberty bonds at the original subscription price and to*

reconstruct the public finances. Studies addressed to men of affairs, series II, no. 1. (New York: Thompson & Worley. 1921. Pp. 19.)

THOMSON, W. R. *The premium bonus system.* (Glasgow: McCorquodale. 1921. Pp. 99. 10s.)

VALOIS, G. *Intelligence et production; la nouvelle organisation économique de la France.* (Paris: Nouvelle Librairie Nationale. 1920. Pp. ix, 269.)

WATTS, F. *An introduction to the psychological problems of industry.* (New York: Macmillan. 1921. Pp. 240. \$5.)

WILCOX, D. F. *Working capital in street railway valuation.* (Philadelphia: Am. Acad. Pol. & Soc. Sci. 1920. Pp. 24.)

WRIGHT, H. T. *Organization: as applied to industrial problems.* (Philadelphia: Lippincott. 1921. Pp. 268. \$8.)

Buying commodities by weight or measure. Misc. pub. no. 45. (Washington: Dept. Comm., Bureau of Standards. 1920. Pp. 42. 10c.)

Consolidated tables of bond values. (Boston: Finan. Pub. Co. 1921. Pp. 663.)

Course in modern production methods. Vol. IV. *Handling equipment.* (New York: Business Training Corp. 1921. Pp. 144.)

Government price control. University of Oklahoma bulletin, new series no. 204. (Norman, Okla.: Univ. of Okla. 1920. Pp. 110.)

Individual home study course in higher accounting. Four vols. (Chicago: Washington Institute. 1920.)

List of references on landlord and tenant, with special reference to recent rent increases. (Washington: Library of Congress. 1920. Pp. 9.)

The reduction of merchandising expense: methods which distributors throughout the United States are applying to ease the process of readjustment and the results of these methods. (Washington: Domestic Distribution Dept., Chamber of Commerce. 1921. Pp. 21.)

Capital and Capitalistic Organization

NEW BOOKS

COHN, G. *Die Aktiengesellschaft.* Vol. I. *Geschichte der Aktiengesellschaft und des Aktienrechts.* (Zürich: Art. Inst. Orell Füssli. 1921. Pp. viii, 108. 10 fr.)

COTTER, A. *United States Steel: a corporation with a soul.* (Garden City: Doubleday. 1921. Pp. xii, 812. \$8.)

GARY, E. H. *Principles and policies of the United States Steel Corporation.* Statement made at annual meeting of stockholders, April 18, 1921. (New York: U. S. Steel Corp., 71 Broadway. 1921. Pp. 22.)

GUGGENHEIM, S. R. *An answer to the attacks made upon the American Smelting & Refining Company, delivered at the meeting of the company, April 6, 1921.* (New York: Am. Smelting & Refining Co., 120 Broadway. 1921. Pp. 28.)

JONES, E. *The trust problem in the United States.* (New York: Macmillan. 1921.)

KAEPPELIN, R. *Des projets de monopole de l'énergie électrique en Allemagne.* (Paris: Jouve. 1921. Pp. 290.)

McMILLIN, J. M. *The public utilities and the public: paper read before Providence Engineering Society, February 22, 1921.* (New York: Doherty. 1921. Pp. 28.)

SMITH, J. B. R., editor. *New York laws affecting business corporations.* Revised to January 1, 1921. (New York: U. S. Corporation Co. 1921. Pp. xxxii, 228. \$2.)

Labor and Labor Organizations

Wages and Empire. By VIVYAN ASHLEIGH LYONS. (New York: Longmans, Green and Company. 1921. Pp. 96. \$1.75.)

The author develops and endeavors to illustrate statistically the principle that all wages are dependent on the ratio of available agricultural land to the population. He begins logically by showing the use of the earth in the production of food and the elements necessary for plant growth. He develops the fact that only a comparatively small portion of the earth's surface is naturally available for food production, leading to the general principle that increase in agricultural production must be developed along one of two lines—either by increase of human power and its efficient use or by an increase in plant yields. In general, progress in either direction will finally mean a greater amount of human labor engaged in the production of a given amount of food.

Agricultural wages are based on the marginal production in agriculture; and wages of all other occupations are based on wages in agriculture, since, says Mr. Lyons, other occupations are indirectly agricultural. The proof of these statements he finds in the lower average rate of wages in the older countries in the world where the area of land per man is small compared with the higher average rate of wages in the United States, Canada, Australia, and New Zealand where the area of land per man is high.

Mr. Lyons points out that the well-being of man as measured in real wages is greater in the newer countries where there is an abundance of land. He shows, furthermore, that it is possible in the newer countries of the world to increase the population considerably before the area of good agricultural land is exhausted, whereas in the old world the population has pretty well overtaken the food supply. This leads to the constructive proposal that Great Britain, which has little available agricultural land within her local boundaries, should aggressively undertake the development of her provinces such as Australia, New

Zealand, and Canada by the deportation of large numbers of workers from England to these countries.

Of course, agricultural emigrants are required and England has no agricultural emigrants to deport. Therefore, it will be necessary to deport adaptable youths from other overflowing occupations, train them in agricultural methods and establish them on farms in the provinces. For this purpose Mr. Lyons would have Great Britain establish farms in the mother country for the purpose of giving the necessary elementary training in agriculture to the youths whom she sends out.

The significance of this lies in the fact that the United Kingdom has the coal and other natural resources necessary for an efficient manufacturing nation. The dominions have quantities of agricultural land and other natural resources sufficient to provide the raw materials and the food for a manufacturing population. An exchange of products between the dominions and the mother country would therefore put the natural resources of the entire empire to their most productive use and consequently would make real wages as high as they possibly could be. Science and nature would both aid in efficient production. To keep real wages high, however, it would be necessary that this exchange be protected between the mother country and the dominions by certain trade restrictions, probably in the form of a protective tariff wall extending about the entire empire. In this way every part of the empire would be saved from the cheap competition of other countries and under an aggressive development policy would provide the most productive occupations for all her citizens. Since the British empire is in the fore-front of scientific progress the wages in all parts of the empire would probably be as high as it is possible for them to be.

The little book is interesting and thoughtful. It is marred by certain glaring errors—for example, the statement that “Canada is the best country in the world for the production of maize.” The statistics are not always above question. On the whole, however, the book is a fairly good brief for the establishment of an economic United States of Great Britain.

ALEXANDER E. CANCE.

The Frontier of Control: A Study in British Workshop Politics. By CARTER L. GOODRICH. (New York: Harcourt, Brace and Howe. 1920. Pp. xvi, 277.)

This little book deals with a number of questions that it is highly important to have answered. They are the specific questions that belong to the general question as to what the situation actually is in England in regard to workers' control in industry. To what extent

and in what particulars do the workers now exercise control? What further control, specifically, are they seriously demanding? Why do they want it? How many of them really want it? These are the main queries that the author, an American who has studied the subject on the ground, through interview as well as through search of the documents, endeavors to answer as far as the information which he has been able to get will permit.

What Mr. Goodrich has to say as the result of his study is well worth reading, both for its content and because it is excellently presented. Mr. R. H. Tawney, who contributes a stimulating foreword, writes that Mr. Goodrich's book is the best account known to him of the extent to which British workers have claimed and secured control in industry. That statement establishes the value of the book on the side of content. As a piece of writing, it is refreshing. The style is direct, clear and informal; it is a very easy book to read.

In his first chapter, the longest in the book, the author resolves the inquiry into its elements. This is an informing, suggestive, and altogether interesting introductory essay. In the following chapters he sketches briefly, and in some places rather scantly, the specific ways in which the workers have already invaded the province of "management." Nearly all of this ground had been occupied by the trade unionists before syndicalism was preached to the British workman or he had been called upon to mourn the loss of his creative instinct. These types of control are familiar to students of American trade unionism, as are the workers' reasons for demanding that these rules or conditions be observed by the employers. Many of them may be interpreted as corollaries of the standard rate policy or as safeguards against such dangers as the depreciation of skill through changes in methods of production or the victimization of members for union activity. This kind of control is characterized as negative. Union rules governing the selection and assignment of personnel, as, for example, rules establishing seniority rights in promotion and tenure, or covering the allocation of choice jobs, or the distribution of work in dull periods, lie closer to what the author regards as the present frontier of control.

The demand for control that is new as to subject and different in spirit is represented by a reaching out for a share in the direction of industry for its own sake or the sake of the public in its consuming capacity, not for the protection or enhancement of wage rates or safety or bargaining position. The author finds this new spirit in the demand for the right to select the foremen rather than to procure occasionally the discharge of one, to have their own suggestions for the improvement of technique adopted instead of merely holding a veto over those proposed by the employer, and to share in the determi-

nation of such trade policies as those that concern price and output. But few instances of actual extension of control over matters of this kind on their own initiative are marked up to the credit of the workers, outside the war industries. The frontier has not yet been advanced far or uniformly beyond the line attained by the trade unionists before the war. That new demands are being made and new reasons given is clearly shown, but even here the instances are drawn from but few industries.

Mr. Goodrich has not presented much original material. That was not his purpose. But he has classified his material skilfully and analyzed it with discernment. At a time when there is so much loose talk and loose writing about workers' movements for control in industry this book, with its clear recognition that established trade-union policies represent much participation in control, with its careful discrimination between the new and the old, between a general resolution of a trades-union congress and actual shop practice, between eagerness for higher money returns and the desire to see things well done and to direct rather than be directed, comes as a welcome aid to accurate appraisal and sound thinking.

D. A. McCABE.

-NEW BOOKS

ALLEN, H. J. *The party of the third part: the story of the Kansas Industrial Relations Court.* (New York: Harper. 1921. Pp. 283. \$2.50.)

ARNETT, T. *Teachers' salaries in certain endowed colleges and universities in the United States.* Occasional papers, no. 7. (New York: General Education Board, 61 Broadway. 1921. Pp. 42.)

BARNES, G. N. *The industrial section of the League of Nations.* Barnett House Papers, no. 5. (Oxford: University Press. 1920. Pp. 16. 1s.)

BING, A. M. *War-time strikes and their adjustment.* (New York: Dut-ton. 1921. Pp. ix, 329. \$2.50.)

The title of this book does not adequately describe its scope. It is true that the author treats of some of the strikes that occurred during and immediately after the war, but the greater part of the work is concerned with the history, organization, and functions of the various governmental mediating agencies which existed or were set up during the war.

It is fortunate that this material should have been collected and rendered easily available for future reference in this brief but comprehensive form. It is also fortunate that the facts should have been interpreted by one who knew them at first-hand and who was equipped for the task by large business experience and keen social sympathies.

The book contains a number of charts of wage rates—compared with the rising cost of living between 1914 and 1919. These indicate clearly that real wages advanced slightly in a few occupations, but that they actually decreased in many cases, notably in the navy yards, the metal trades, building trades, and for the printers and electrotypers.

In Appendix I, strike data for the years 1914 to 1919 are given. These meager statistics which were gathered by the United States Bureau of Labor Statistics are woefully inadequate for any real study of the extent to which war work was impeded or of the waste in time and money resulting from strikes during the year following the war. Perhaps the most important point brought out by these figures is that strikes during the war, though numerous and though they often involved large numbers of employers, were usually of very short duration.

C. W. DOTEN.

BULLARD, F. L. *The public refuses to pay. Editorials from the Boston Herald on the railroad and building situation.* (Boston: Marshall Jones Co., 212 Summer St. 1921. Pp. 91.)

CARLTON, F. T. *The history and problems of organized labor.* Revised. (New York: Heath. 1920. Pp. xi, 559.)

This is a revision of Professor Carlton's book of the same name published in 1911. The new edition is enlarged by about eighty pages, and also much new material has been substituted for old. The same general plan of arrangement and emphasis has been followed. The main plan of the revision has been to add to the topics as treated formerly such items and discussion as the ten intervening years have made important. This treatment preserves the value of the work and adds to it by bringing it up to date.

That this has been done with thoroughness, rather than cursorily, will appear from an instance or two. In the earlier edition Professor Carlton speaks of the Industrial Workers of the World as "a frankly socialistic labor organization. Its ambitious aim is to unite all the workers of the nation into an industrial union (p. 82)." In the revision (same page) he says: "This is an ultra-radical labor organization; it represents the American bolshevist or syndicalist group. Its ambitious aim is to unite all of the workers of the nation into an industrial union committed to bitter opposition to the present industrial and political order." In the paragraph on new aspects of strikes (p. 165) an entire page of new material appears (pp. 179, 180).

There are, of course, occasions for differing with the author in some of the opinions stated; but in the main they are matters of opinion only, and cannot even be touched upon in a brief note. The revision brings before labor students an authoritative text at a time when interest in this subject is especially keen.

GEORGE G. GROAT.

CHISHOLM, A. *Labour's Magna Charta: a critical study of the labour clauses of the peace treaty and of the draft conventions and recommendations of the Washington international labour conference.* (New York: Longmans. 1921. Pp. viii, 192. \$3.40)

CITRINE, W. M. *The labour chairman and speaker's companion.* (London: Labour Pub. Co. 1921. 2s. 6d.)

COLE, M. I. *The control of industry.* (London: Labour Pub. Co. 1921. 6d.)

COMMONS, J. R. *Trade unionism and labor problems.* (Boston: Ginn. 1921. Pp. xiii, 838. \$4.00.)

This book is a new edition, not a revised edition of *Trade Unionism*

and *Labor Problems*, published in 1905. The reprints consist of recent papers on various phases of trade union and labor activities and thus an account of present-day conditions is given. Professor Commons in an introductory chapter brings together from all the cases thus presented the items on which generalizations may be made. The papers are grouped under the following headings: I, Security; II, The Labor Market; III, Labor Management; IV, Labor Unions; and V, The Law. An excellent index is provided. The book furnishes valuable material for both the student and the man of affairs.

G. M. J.

LEWISOHN, S. A. *Recent tendencies in bringing about improved relations between employer and employe in industry.* (New York: Econ. World. 1921. Pp. 14.)

LIGGETT, H. M. *The relation of wages to the cost of living in Los Angeles 1915 to 1920.* Sociological monographs, no. 19. (Los Angeles, Cal.: Southern Cal. Sociological Soc., Univ. of Southern Cal. 1921. 15c.)

MILNER, D. *Higher production by a bonus on national output. A proposal for a minimum income for all, varying with national productivity.* (London: Allen & Unwin. 1920. Pp. 127.)

MYERS, C. S. *Mind and work: the psychological factors in industry and commerce.* (New York: Putnam. 1921. Pp. xi, 175.)

Most books written on industrial applications of psychology attempt either a restricted field or else are merely a compendium of facts. Dr. Myers not merely summarizes the work done in England and America on movement study, fatigue study, and the selection of personnel, but explains, adequately and untechnically, the conditions and circumstances in the industrial world. Especially in the chapters on Restriction of Output, Systems of Payment, and on Industrial Unrest he makes a clear, logical, and interesting interpretation of the psychology of the employer and that of the employee. A background of this nature makes more valuable the reading of such other books as Tead's *Instincts in Industry*, Parker's *Casual Laborer*, Marot's *Creative Impulse in Industry*. *Mind and Work* was not intended to be an exhaustive treatment of any of the factors of industry, but a helpful, suggestive interpretation of industrial problems.

CHARLES LEONARD STONE.

SIMONS, A. M. *Personnel relations in industry.* (New York: Ronald. 1921. Pp. xi, 341. \$3.)

SLESSER, H. H. *Trade unionism.* (London: Methuen. 1921. 5s.)

WALKER, C. R., JR. *A national council for the printing trades.* (New York: Bureau of Industrial Research, 289 Fourth Ave. 1921. Pp. 28. 50c.)

WATKINS, G. S. *Labor problems.* SEBA ELDREDGE, editor. (New York: Crowell. 1921.)

WEBB, S. *The root of labour unrest: an address to employers and managers.* Fabian tract no. 196. (London: Fabian Soc. 1920. Pp. 15. 2d.)

_____. *The story of the Durham miners.* (London: Fabian Bookshop. 1921. 2s. 6d.)

ZIMAND, S. *The open shop drive. Who is behind it and where is it going?* (New York: Bureau of Industrial Research, 289 Fourth Ave. 1921. Pp. 61.)

Board of arbitration for the agreements between the Amalgamated Clothing Workers and the Chicago Clothing Manufacturers. Preliminary edition. (Chicago: Bd. of Arbitration, H. A. Millis, chairman. 1921. Pp. 32.)

Labor terminology. Bulletin No. 25, Bureau of Business Research, The Graduate School of Business Administration, Harvard University. (Cambridge, 1921. Pp. 108.)

This little booklet is more than a glossary of terms. It defines or explains a great many words and phrases, it is true, but it also gives a considerable amount of detailed information, including statistics, concerning the more important labor organizations. It explains fully the method of organization of industrial councils and shop committees and reprints typical constitutions and by-laws of such organizations.

In the effort to be brief the authors have sometimes failed to make their definitions sufficiently descriptive. A more general use of examples would have remedied this defect which is probably due, in part at least, to the fact that the authors were too familiar with the matters under consideration to realize what the average reader would really need to be told.

On the whole the book is well done and it will be a very useful addition to the working libraries of those who are interested in labor problems.

CARROLL W. DOTEN.

Practical experience with the work week of forty-eight hours or less. (New York: Nat. Indus. Conference Bd. 1921. Pp. ix, 88.)

Proceedings of eighth annual meeting of the International Association of Public Employment Services. (Ottawa: Dept. of Labour. 1921. Pp. 280.)

Public opinion and the steel strike of 1919. Supplementary reports to the commission of inquiry, Interchurch World Movement. (New York: Harcourt. 1921. \$1.50.)

Report of a conference on industrial relations held at Ottawa, February 21 and 22, 1921. Industrial relations series, bull. no. 2. (Ottawa: Dept. of Labour. 1921. Pp. 61.)

Resolutions for the twenty-first annual conference to be held at the Dome, Brighton, June 21, 1921. (London: The Labour Party, 38 Eccleston Sq., S. W. 1. 1921. Pp. 30.)

Second report on industrial relations. (New York: The Merchants' Assoc., S. C. Mead, secretary. 1921. Pp. 8.)

Standard time rates of wages and hours of labour in the United Kingdom at 31st December, 1920. (London: Ministry of Labour. 1921. Pp. 288. 2s. 6d.)

Unemployment: a labour policy. Being the report of the joint committee on unemployment, appointed by the parliamentary committee of the Trades Union Congress and the Labour Party executive. (London: Trades Union Congress, 32, Eccleston Sq., S. W. 1. 1921. Pp. 48. 3d.)

Wage changes in industry, September, 1914-December, 1920. Research report no. 35. (New York: Nat. Indus. Conference Bd. 1921. Pp. 49.)

Wages and hours of labour in Canada, 1901-1920. Report no. 1. (Ottawa: Dept. Labour. 1921. Pp. 31.)

A works council in being: the Bourneville scheme. (Birmingham: Bourneville Works. 1921.)

Money, Prices, Credit, and Banking

Banking Progress. By J. LAURENCE LAUGHLIN. (New York: Charles Scribner's Sons. 1920. Pp. x, 349. \$5.00.)

This account of the banking legislation of the last twenty-five years presents the attitude of a contemporary on the questions at issue. It records the opinions of one who, throughout the period, was influential with bankers and with members of Congress; as such it is more than an objective record of what happened; it is a document which, even beyond the intention of the author, indicates how completely political considerations determine the legislation on questions which are essentially technical and require expert opinion.

In the long struggle from the days of greenbackism and free silver to the establishment of the federal reserve system, Professor Laughlin, judged by the political outcome, has invariably been right. He supported the campaign for sound money, suggested an asset currency, recognized the inadequacy of emergency note issues, opposed the guaranty of bank deposits, and anticipated the idea of regional banks co-ordinated by a supervisory board. At one point in the organization of the federal reserve system, the maintenance of a single reserve against both notes and deposits, the bill as enacted differed from his recommendations, and the course of events since then has proved, he believes, that there is a structural weakness at just that point. Chapter by chapter, the questions are taken up chronologically; the arguments presented are those which were most effective in persuading business men of the need for banking reform; the political compromises described are those which led to the ordinarily makeshift legislation which was hurried through after a banking crisis.

One reason the legislative result agreed so well with the opinions Professor Laughlin had already expressed, is that he made articulate the aspirations of those in the banking and business community who were influential in securing legislation. For this task he was admirably fitted by reason of his lucid style, his uncritical acceptance of the fundamentals of business enterprise, and by the character of his expressed opinions which were never too far in advance of what was politically possible. No wonder that as he looks back over the events

which led finally to the Federal Reserve act, it is to him "an interesting story with a happy ending" (p. 216).

When considered in the light of the present problems of money and credit, however, the surprising thing is how many of these questions dealt with legislatively are still unsolved,—are, in fact, present in a more aggravated form and under conditions which make them more difficult to handle. The maintenance of the gold standard, for example, is not now a domestic problem which may be settled by a presidential campaign, for the standard has broken down internationally. Instead of the United States having so little gold as to endanger its ability to maintain redemption, it has so much of the world's gold that other nations, its chief customers, are now off the gold standard and see little prospect of resumption. Inflation, due to government borrowing, instead of dying with greenbackism, was as great during the recent war as during the Civil War and left the same heritage of problems. The standard of prices, instead of stabilizing to some degree the price movement, permitted fluctuations as precipitous as in the days when the currency was irredeemable. The assets of banks, in spite of all the preaching about the superiority of self-liquidating paper, are composed today of a larger proportion of investment loans than ever before. Perhaps one ought not to expect a banking and currency system to come through a war without some scars, and yet as a record of legislative achievement the present situation is a little discouraging. Banking progress, instead of ending happily in the Federal Reserve act, appears to be a continued story in which the present episode is so complicated and full of danger that the credit system and the gold standard may count themselves lucky if they come out alive.

Under our system of legislation the proper policies to be pursued in such technical matters, difficult enough to decide even when discretion is in the hands of experts, are determined by a body of men entirely incompetent to deal with such questions. This is the conclusion which must be drawn from Professor Laughlin's record of the law's delay. "Hearings are usually held, not primarily to have various sides presented by experts, but to enable the ignorant member to be taught and to understand some of the obvious parts of a proposed measure. . . . Since men who are primarily politicians, and have little or no expert knowledge or training, must be personally convinced before a bill can even be reported from a committee, it is a perpetual wonder that workable laws on technical subjects are ever passed" (p. 156). Through this political maze must be guided the legislation which deals with the present problems. In view of their great complexity, and given the same rate of legislative progress that prevailed during the past gen-

eration, the provisions of the law will doubtless continue to lag far behind the long evident need.

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NEW BOOKS

ASPLEY, J. C. *What a salesman should know about credits.* (Chicago: Dartnell Corp. 1921. Pp. v, 102.)

CHRIST, W. *Schiffs-Hypotheken-Banken.* (Griefswald: Bamberg. 1920. 20 M.)

DALBERG, R. *Valuta-Dumping.* (Berlin: Heymann. 1921. 8 M.)

DAMIRIS, C. J. *Le système monétaire grec et le change.* Three vols. (Paris: Giard. 1920. Pp. 363; 359; 288. 70 fr. complete.)

DOUGLAS, C. H. *Credit-power and democracy.* (London: Cecil Palmer. 1920. Pp. 212.)

ENGEL, W. *Geldgestaltung und Einkommensgestaltung, zugleich ein Beitrag zur Theorie der Gewerkschaften.* (Leipzig: Mirschfeld. 1920. 8 M.)

FRY, M. H. *Bankers acceptances as an investment.* (New York: American Acceptance Council, 111 Broadway. 1921. Pp. 18.)

HALL, R. O. *Chapters and documents on Chinese national banking.* (Washington: Ballantyne. 1921. Pp. 198. \$2.)

HÉLOURY, L. *La crise monétaire en Indo-China. Piastre ou franc?* (Saïgon: HéLOURY et Montegout. 1920.)

JORES, C. *Grundzüge des Geld- Kredit- und Bankwesens.* Fourth edition. (Leipzig: Gloeckner. 1920. 24 M.)

KALE, V. G. *Currency reform in India.* (Poona: Aryabhushan Press. 1919. Pp. 107. 1s.)

LAYTON, W. T. *An introduction to the study of prices, with special reference to the history of the nineteenth century.* New edition. (London: Macmillan. 1921. Pp. xiii, 194. 7s. 6d.)

LESCURE, J. *La baisée des prix et ses problèmes.* (Paris: Librairie Sirey. 1921. Pp. 74.)

McMASTER, J. S. *McMaster's irregular and regular commercial paper.* New and enlarged edition. (New York: McMaster Co., 37 W. 39th St. 1920. \$8.)

MAWAS, A. *Le système monétaire et le change anglais depuis la guerre.* (Paris: Giard. 1921. Pp. 336.)

PARK, O. A. *Park's banking law of Georgia as amended 1920 with the Trust Company and State Depository acts.* (Atlanta: Harrison Co. 1920. Pp. xii, 524.)

PRION, W. *Die Finanzierung und Bilanz wirtschaftlicher Betriebe unter dem Einfluss der Geldentwertung.* (Berlin: Springer. 1921. 8.80 M.)

SHUGRUE, M. J. *Problems in foreign exchange.* (New York: Appleton. 1920. Pp. 173. \$2.)

As stated by the author in the preface, this volume "can be utilized most efficiently when supplemented by other sources of information." There is a brief introduction that explains a few, but only a few, elements of the subject. In fact, the value of the introduction is by no means clear. What is given of the elements of the subject is too brief to aid a beginner in the subject, and yet contains nothing that is not elementary. The text proper is divided into three parts. The first is a series of sixteen typical problems and their solutions. The second is a collection of 151 problems for solution by the student, these being appropriately grouped under seven headings. The third part contains two appendices, one of which includes copies of numerous foreign exchange documents and the other a number of foreign exchange tables.

The author has shown good judgment in his choice of problems and documents, one illustration being his introduction of "dollars" into only a part of the problems presented, the fact that sterling has by no means disappeared as a world factor being thus recognized. It would perhaps have been better had all or at least a part of the references to French exchange been expressed not by giving the value of the dollar in francs but the worth of the franc in cents. The latter form of quotation is now very common.

Most discussions of foreign exchange assume that foreign exchange rates are determined solely by commercial and banking factors. The rate is thought of as being set by the private purchase and sale of commodities and securities and by the movement of gold. It seems to be taken for granted that we are living in a *laissez-faire* regime. Actually, movements of gold, interest rates, and exchange rates are not determined by the free operation of "the law of supply and demand." Central banks, to an important extent under the influence of their respective governments, adjust discount rates, and borrow, buy and sell gold and securities in such manner as to affect very definitely the current quotations for exchange. Yet only here and there in treatments of the subject is this fact recognized. Goschen's explanations are still accepted with but slight modifications. In the volume before us the same viewpoint is maintained, the influence of government being recognized only in discussions of India and in reference to the "pegging" of exchange during the war.

These comments should not be interpreted as a general criticism of an admirable book. The exercises are well selected and have to do with a wide range of countries. They also have the merit of combining admirably the theoretical and the practical, an accomplishment not often to be observed in a volume of problems.

E. M. PATTERSON.

SPALDING, W. F. *Bankers' credits, and all that appertains to them in their practical, legal and everyday aspects.* (London: Pitman. 1921.)

_____. *The functions of money: a handbook dealing with the subject in its practical, theoretical and historical aspects.* (London: Pitman. 1921. Pp. xi, 168. \$3.)

STERN, S. *The foreign exchange problem.* (New York: Columbia Trust Co., 60 Broadway. 1921. Pp. 124.)

TALLEY, L. P. *The financial outlook. Address delivered at the annual convention of the Cattle Raisers' Association of Texas, March 16, 1921.* (Dallas: Federal Reserve Bank. 1921. Pp. 16.)

VISSENG, G. *De problemen van geldwesen en wisselkoers op de finantieele conferentie te Brussel.* (The Haag: Van Stockum. 1920. 2.25 fl.)

Bibliografia sobre bancos y credito. (Havana, Cuba: Camara de Representantes, Biblioteca. 1921. Pp. 59.)

Changes in the cost of living, July, 1914-March, 1921. Research report no. 36. (New York: Nat. Indus. Conference Board. 1921. Pp. 28.)

A century of the Institution for Savings in Newburyport and its vicinity. (Newburyport, Mass.: Institution for Savings. 1920. Pp. 44.)

Credits: how to avoid commercial losses; including cancellations and returns. (New York: The Credit Guide, 415 Broadway. 1921).

Pratt's digest of federal banking laws. 1920 edition. (Washington: A. S. Pratt & Sons. 1920. Pp. xxix, 590.)

Public Finance, Taxation, and Tariff

The Federal Income Tax. By ROBERT M. HAIG, THOMAS S. ADAMS, THOMAS REED POWELL, FRED T. FIELD, ROBERT H. MONTGOMERY, GEORGE E. HOLMES, ARTHUR A. BALLANTINE, WALTER A. STAUB, R. V. NORRIS, and P. S. TALBERT. A Series of Lectures delivered at Columbia University in December, 1920. Edited by ROBERT M. HAIG, with an introduction by E. R. A. SELIGMAN. (New York: Columbia University Press. 1921.)

The titles of the several lectures in this collection are: "The concept of income," by Haig; "When is income realized," by Adams; "The constitutional aspects of federal income taxation," by Powell; "The legal force and effect of treasury interpretation," by Field; "Reorganization and the closed transaction," by Montgomery; "Loss as a factor in the determination of income," by Holmes; "Inventories," by Ballantine; "Consolidated returns," by Staub; "The taxation of income from natural resources," by Norris; "Relief provisions and treasury procedure on appeals," by Talbert. Professor Seligman in a graceful "introduction" states some of the problems.

As in the case of some of our magazines this publication seems to need a few words on the "contributors to this issue." Haig is known as the tireless investigator of the single tax-limited experiments in Canada, and more recently as editor of the Report to the American Economic Association on the Taxation of Excess Profits in Great Britain. Adams, now of Yale, is known to all economists as formerly professor and tax commissioner in Wisconsin and lately as the indispensable advisor to Congress and to the Treasury on the income tax. What is good in the income tax law is due to Adams, what is bad to the in-

superable obstacles he encountered. Powell, professor of constitutional law, Columbia, is known to all the legal profession and to many economists for his profound knowledge of the inter-relation between the taxing powers of the states and the federal government. Field is a Boston lawyer and one-time member of the Advisory Tax Board. Montgomery needs no introduction to readers of the REVIEW, for his *Income Tax Procedure* has been reviewed each year. Holmes is Montgomery's friendly rival as author of a standard annual on *Federal Taxes*. Ballantine is a lawyer and was for a time Solicitor of Internal Revenue. Staub is an accountant in the same firm with Montgomery, and author of *Income Tax Guide*; Norris is a mining engineer. Talbert was at one time chairman of the committee on appeals and review in the Bureau of Internal Revenue. Of the right of these notables to "speak with authority" there can be no doubt.

To pass these ten lectures, each full of controversial matters, in review within our allotted space is exceedingly difficult. Nothing more can be done than to select arbitrarily one point in each lecture.

Haig builds his lecture around a definition of income which he says "the economist offers." According to that definition, "Income is the money value of the net accretion to one's economic power between two points of time." Since he quotes a good many other definitions by economists all of which are different we may take the liberty of reading "Haig" for "the economist." The great difficulty with the definition is that it leaves undecided, as does the lecture itself, the issue whether in the case of income from property, that is investment income, the measure of "economic power" shall be the annual value, or the increase in capital value, or, as our federal law is now interpreted, both of these whenever the increase of capital value is reduced to money. He discusses briefly the British concept of taxable income as the "annual value" of property, the annual profits, earnings, etc., and discharges it apparently because it is so old. "For an explanation of this conception . . . one must go back as far as the fifteenth century. . . ." Thus lightly are the good old things cast aside.

Adams' lecture is for him unusually technical. It is in the main an explanation, carrying in some measure a defense of the Treasury rulings as to the year in which income not strictly current is to be considered taxable. There is as is usual in Adams' statements a lot of common sense, forcefully presented. As a sample we may cite the argument that sound practice in income taxation must adopt as basis of determining the income received, the accounting and other business practices of each of the different lines of business. Following this line of argument one wonders why the bureau cannot furnish different forms for returns by different classes of taxpayers. The regulations

recognize differences, yet since the forms are all the same, the differentiating calculations must be made all outside the forms. A very enlightening review of the cases decided by the courts is part of the lecture.

To select a point or two from Powell's comprehensive survey is merely to make one regret all the more the many others one leaves unmentioned. But no more can be done. We select thus the one point (p. 62) that when the court, ruling on legal or constitutional provisions, reaches a decision which is "hard-hearted" or "inclement," Congress may repent and has repented such "unkindness." Turning the point to what has occurred since the lecture was delivered, if we feel that the decision that increments in capital investments are legally taxable works a hardship in all cases where the income that caused them is already taxed the remedy is not in disputing the decision but in moving Congress not to exercise the power, which the court says it has, of working this injustice. It is interesting to note that Powell proved a true prophet in forecasting the decision of the court as delivered March 28, 1920. There is a great deal in the "study of the psychology of courts" in which Powell is an expert.

It is new to American law to give to an administrative officer any powers approaching legislation. Yet in passing a law like the income tax law Congress cannot foresee every application it may have and the power to make either administrative or interpretative rulings amounting almost to new legislation has to be vested in the administration. Congress hedged this delegated power about with restrictions that, by taking from such rulings anything final or conclusive, leave the taxpayer all too often "up in the air." But that is part of our system of government. The conclusion of Field's lecture is: "Administrative rulings are made under authority of a delegated quasi-legislative power and, if within the scope of the delegation, have the effect of law as quasi-statutes. They are presumed to be valid. Interpretative rulings have no effect as law, since they are not within the delegation of quasi-legislative power and since no power of conclusive quasi-judicial construction is given to the Treasury Department" (p. 113).

Montgomery's article deals with a much vexed question, a part of the question "when is a transaction a closed transaction." The difficulty is the old one of the interpretation of the par value of shares of stock. "Par" being always a fiction, even if "par" at one time corresponded to "true," may at another time be something far different. Yet undoubtedly juggling with par values may cover or reveal profits, and in some cases enable a shrewd one to make a profit from the loss of one

less sharp. This is a highly technical matter discussed with Montgomery's usual force and bluntness.

"Depreciation, obsolescence, amortization and losses due to casualties or theft" is the subtitle of Holmes's lecture. "In our present system, comprising all the acts passed since the Sixteenth Amendment to the Constitution, the notion is that not only should the taxpayer be taxed on the annual fruit which his tree, capital, bears, but also upon the growth of the tree itself—the enlargement of the trunk and branches, and the new branches which have sprouted during the year" (p. 137). With this admirable simile, showing how we came to be dealing at once with income and capital under the guise of an income tax, Holmes opens his lecture. Since we are going to tax the growth of the tree we have to consider the damage to the old growth, hence the deductions above listed.

Ballantine's lecture is a straight away explanation of the rulings on inventories. Inventories have a twofold importance. Not only may they be so taken as to increase or decrease the income tax, but if taken so as to increase the income tax, will decrease the excess profits tax and the contrary. Furthermore, with the great fluctuations in prices inventory taking has presented serious technical difficulties.

Nowhere has the proverbial ingenuity of the Philadelphia lawyer found greater scope than in making intricate combinations of corporations within corporations. For wheels within wheels a Swiss watch is simplicity itself compared with some of our "affiliations or communities of financial interests." It is possible to trace the line of power when there is one main spring in a parent company but that is not always the case. Staub explains, with numerical illustrations, the meaning of the rulings on this complicated and technical subject.

Norris takes up the subject of wasting assets, especially the depletion of mines. There is a distinct analogy between an annuity and the proceeds of mining. This Norris recognizes in his suggestion that "as the fair value of a property at any date is the present value of the future earnings discounted to that date, depletion could logically be taken as a percentage of earnings for each year, such percentage being the present value of an annuity of \$1,000 a year for the estimated life of the property, divided by the number of years estimated life." He has also interesting alternative suggestions. He recognizes the differences in different industries. The lecture is full of suggestions and leads the reviewer to the conclusion that all annuities and all like incomes should have a special treatment, if not special and lower rates, by reason of the fact that the only known quantity, the annual payment or dividend, is in part only true net income.

Except for the few large taxpayers or associations of taxpayers who

can keep attorneys or experts in Washington always on the job, the problem of getting a hearing, of obtaining refunds, and of making appeals is like that confronting Stanley when he set out to find Livingston in Darkest Africa. Talbert shows the taxpayer his legal rights and discusses the administrative methods, and difficulties. But he does not, nor can he as long as the law compels the taxpayer to shoot so long a bow, show you or me where to aim. It is with relief, not to say surprise, that we read that every "case receives the most careful scrutiny." But it is cold comfort to learn that it is only fear of establishing precedents that deprives one of the satisfaction of knowing the result of an attempted appeal even when knowing the worst would be better than the uncertainty.

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British War Finance and the Consequences. By T. J. KIERNAN. (London: P. S. King and Son. 1921. Pp. vi, 184. 5s. 6d.)

I read this little book through carefully preparatory to writing this review. Then I read it all over again to renew the pleasure I had found in it. It deals with important matters, and presents them clearly and very attractively. It is a dissertation presented for the M. A. degree, at the National University of Ireland. Would that all scholastic dissertations were as good. Brief as it is, it will serve as a handy reference book and one wishes it had an index, which is missing.

The book begins with a statement of the financial system of Great Britain as it was before the war, in which none but the essentials are reviewed. The gold standard, a currency supplied by the Mint, the complete separation of the Bank of England's issue department from the fiscal operations of the government, the non-interference of the government with the currency, and the freedom of credit from political control are the main points set forth. The first chapter ends with a table showing that British government expenditures multiplied thirteenfold, increasing from £m 196.5 in the fiscal year 1913-14 to £m 2,576.5 in 1918-19. This sets the problem, which is to trace the changes in the financial system thus occasioned.

The story of the first shock to credit in 1914 has been well told several times, but never better than by Mr. Kiernan. He is franker than some others have been in condemnation of the resort to and continuance of issue of the £1 and 10s. legal tender currency notes. "By this measure, the monetary and fiscal functions of the State were confused for the first time in the modern history of the country, and all check on the Government's power of issuing more currency than was required by the demands of industry was removed" (p. 25). Was that

necessary in view of the suspension of the Bank act—an expedient far less fraught with subsequent dangers? "The Treasury's power of printing and issuing Currency Notes was used as a fiscal device for getting a loan without having to pay interest for it; these notes were, in the result, the means of confusing, in a most shameless and unprecedented fashion, the monetary and fiscal functions of the State" (p. 33).

Next comes a review of the increase of the public debt, from £m 716 in 1913 to £m 7,882 in 1920 or about elevenfold, but the debt charges grew over thirteenfold. Expenditures, which had increased from £m 197.5 in 1913-14 (these are Exchequer Issues and differ a little from the figure given above) to £m 2,696 in 1917-18 had been reduced by 1919-20 to £m 1,666 but still exceeded the revenues by £m 326. In reviewing the items of revenue, borrowings and expenditures, Mr. Kiernan is of the opinion that war time taxation was not sufficiently heavy. While it did seem that England got under way with new taxation more slowly than accorded with her traditions of war finance, yet it appears to the reviewer that an 80 per cent excess profits tax and an income tax dropping down to little folks with \$12 a week, and approaching a maximum limit of over 12s. in 20s., together with other forms of heavy taxes is by no means insufficient even for war taxes.

The relative effects of public borrowings from each of the different possible sources is admirably set forth (pp. 46 ff.) and the conclusion reached that there was too much dependence on "money subscribed directly by banks, or money borrowed from banks by individual subscribers to the loans" (p. 49). It would have been better in the long run had the war debt been "spread among the masses of the people." All this seems sound judgment, but may there not be some personal prejudice in the implication (p. 92) "that the moneyed minority had influence over the Chancellors"? Watching at long range, some 5,000 miles distant, reading carefully every available report, budget, speech, and other document which could be obtained the reviewer formed so high an opinion of the sound wisdom and firmness of Mr. McKenna as Chancellor of the Exchequer, that the "surmise" above quoted seems wholly unjust.

The review of the effect of currency issues, and of the excessive use of short-time notes on prices is admirably done. In calling attention to the frequent fallacious use of percentages, the partial breakdown of index numbers, and to the presence in the usual formulas of important "unknown" quantities, Mr. Kiernan has done a real service. The general conclusion that it was the rapidity of spending by government and people alike which raised prices, and that prices were assisted in rising by currency and credit inflation is admirably put. Some rather caustic remarks about Ricardo's alleged contribution to the "quantity

theory" are amusing. Why Ricardo should be required to have foreseen and refuted the fallacies which developed a century later any more than Adam Smith's works should be searched for a refutation of Marx theories, or a confirmation of the Austrian theory of value?

The chapter on the foreign exchanges is interesting and well put. But we may wonder whether the author's view that parity can be restored mainly by increased production and exports is correct. Until the currency system is restored and the outstanding treasury bills reduced it seems doubtful whether a favorable balance of trade alone will bring back the gold pound sterling.

The conclusion is that the war has left England's one-time nearly perfect system of finance in some disorder. "The perfection of this (pre-war) financial machinery lay in its automatism. That automatic action has ceased." The market holds £m 1,000 of treasury bills, and that puts the Bank of England at the mercy of the market. Then there are still £m 335.4 of currency notes outstanding. It will require strenuous taxation, strenuous economy, and a great sacrifice of "the enjoyment of indolence" on the part of the people to restore to Great Britain the old time soundness of her financial system.

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NEW BOOKS

ALLIX, E. *Traité élémentaire de la science des finances et de législation financière française.* Fourth edition. (Paris: Arthur Rousseau. 1921.)

ALVERSON, L. T. *Digest of American income tax cases.* (New York: Baker, Voorhis & Co. 1921. Pp. viii, 453.)

DEDE, E. *Die neuen Reichssteuern.* (Leipzig: Teubner. 1921. Pp. 100. 3.50 M.)

FRYE, R. *The income and other federal taxes as affected by patents, trademarks, copyrights and goodwill.* (Chicago: Gunthorp-Warren Printing Co. 1921. Pp. xii, 381.)

HOLMES, G. E. *1921 supplement to federal income tax, war-profits and excess-profits taxes, including stamp taxes and capital stock tax.* (Indianapolis: Bobbs-Merrill. 1921. Pp. xxiv, 539.)

KAHN, O. H. *The American "man in the street" and the allied debt. A letter to the London Times.* (New York: Committee of American Business Men, 354 Fourth Ave. 1921. Pp. 15.)

LÉVY, B. G. *L'initiation financière.* (Paris: Librairie Hachette. 1921.)

MC CALEB, W. F. *The public finances.* (New York: Harper. 1921. Pp. 267. \$2.50.)

This book published under the auspices of the Doheny Foundation relates to Mexico.

NORMAND, G. *La mort des octrois.* (Paris: Librairie Perrin. 1921. 5 fr.)

PIGOU, A. C. *A capital levy and a levy on war wealth. World of today series no. 4.* (New York: Oxford Univ. Press. 1921. \$1.)

POMMIER, H. *La liquidation financière de la guerre.* (Paris: Imp. des Assureurs. 1921.)

RESPONDEK, E. *Die Reichsfinanzen auf Grund der Reform von 1919-20.* (Berlin: Vereinigung Wissensch. Verleger. 1921. Pp. 277. 28 M.)

REX, G. M. *Federal taxes on income and profits under the Revenue act of 1918 pertaining to corporations, estates, trusts and partnerships.* (Providence, R. I.: Author. 1920. Pp. xii, 124.)

ROSSMOORE, E. E. *Federal corporate income taxes.* (New York: Dodd, Mead. 1921. Pp. 338. \$7.50.)

TERHALLE, F. *Steuerlast und Steuerkraft.* (Jena: Fischer. 1921.)

WALTER, A. *School finances of Monterey Co., California: and the crisis in education.* (Salinas, Cal.: Monterey Co. Teachers' Club. 1921. Pp. 30.)

WEBB, S. *Grants in aid: a criticism and a proposal.* Studies in economics and political science. No. 24 in the series of monographs by writers connected with the London School of Economics and Political Science. New edition, revised and enlarged. (London: Longmans. 1920. Pp. 145.)

The first edition of this polemic essay, published in 1911, was reviewed in the AMERICAN ECONOMIC REVIEW, vol. II, no. 8, September, 1912, p. 686. (A misprint making "child nurture" read "child nature" mars that review.) The revision consists in bringing the comparative data used down to 1920, and in urging that the reforms advocated, and under consideration when the war broke out, be taken up again and put through.

The book discusses a problem of local government in England, is addressed to Englishmen and presumes for its understanding a knowledge of local history and institutions which few but the natives of that country possess.

A "Grant in Aid" (printed uniformly with initial caps) is an appropriation by Parliament from national funds to some Local Government usually to assist that government in some specified local activity. Sometimes there is and sometimes there is not a string tied to it. Thus in the case of the appropriations for the support of the constabulary the local government must, to receive assistance, keep its local police force up to a standard of "adequacy and efficiency" prescribed by the Home Office. If inspectors sent out from that office find the force not up to standard, as to numbers, stations, personnel, and even pay, the grant may be withheld. But many other appropriations are handed over without supervision.

The main thesis is that Grants in Aid should not only be centrally supervised but the whole system extended, because "they furnish the only practicable method, consistent with local autonomy, of bringing to bear upon local administration the wisdom of experience, superiority of knowledge, and breadth of view which, as compared with the administrators of any small town or any rural area, a central executive department cannot fail to acquire, for the carrying into effect of the general policy which Parliament has prescribed." It is assumed, without argument, that this is such a blessing that it is well that the national government has already

"bought" the rights of inspection, audit, supervision, initiative, criticism, and control, in respect of one local service after another" and that after selling their birth rights in this shameless fashion it will still be possible for local governments to have a certain amount of local autonomy, if none of self-respect. It is difficult to see how they can have either. The further excuse for this system is one familiar enough, unfortunately, in America, namely, that as between the several local governments great needs exist where there are little means and that national aid is necessary to "equalize" opportunities.

It is very clearly shown that the system of Grants in Aid is politically too strongly entrenched in Great Britain to be removed, that there are abuses, that the cost has trebled since 1911, and that even the constabulary have doubled in number in proportion to population under this nutritive system, which now costs £m 65 per annum. If it cannot be extirpated it would seem wise to put it in order. But when Mr. Webb commends (p. 5) such a system to Americans for use in the United States to displace what he calls our "Anarchy of Local Autonomy" (the caps are his) he must have overlooked the "pauper counties" of the South and elsewhere which receive more money in aid than they raise themselves, the undermining of the old school district by state subsidies and other notorious evils. He fails to appreciate the dangers to a self respecting, healthy system of local government on which the very life of democracy depends, that lurk in national and state appropriations buying from the local government their right to muddle along if they can do no better, but yet to enjoy, what is far more precious certainly than bureaucratic efficiency, the blessings of liberty. The general conclusions one draws from Mr. Webb's argument is that the evils he would correct are only symptoms of a greater disease. One gathers from his book that local government in England is suffering from pernicious anaemia due to a diet of inspection, supervision, criticism and control served up in too rich a butter sauce of grants in aid.

C. C. P.

The Corporation Trust Company's 1921 war tax service. (New York: Corporation Trust Company. 1921. Pp. 832. \$25.)

Digest of treasury decisions relating to internal revenue, during the period from Sept. 9, 1916, to Dec. 31, 1920. (Washington: Supt. Docs. \$1.)

Emergency tariff act of 1921. (Boston: National Shawmut Bank. 1921. Pp. 25.)

Federal income tax and its relation to real property. (New York: Real Estate Board, 217 Broadway. 1921. Pp. 96.)

Fifty points on the income tax for the individual. (Providence, R. I.: R. I. Hospital Trust Co. 1920. Pp. vi, 41.)

Final report of the committee on new sources of revenue. Doc. 84. (Boston: City Record. 1921. Pp. 42.)

Income tax primer; revised January 1, 1921. Prepared by the Bureau of Internal Revenue. (Washington: Supt. of Docs. 1921.)

Handbook of customs procedure at Shanghai. (Shanghai: Kelly & Walsh, Ltd. 1921. Pp. 300. \$5.)

Marine insurance clauses. (New York: N. A. Phemister Co., 42 Broadway. 1920. Pp. iv, 152. \$8.)

Proceedings of the second National Industrial Tax Conference. Special report no. 17. (New York: Nat. Indus. Conference Board. 1921. Pp. vi, 200.)

Population and Migration

NEW BOOKS

ABOTT, G. *The educational needs of immigrants in Illinois. The immigrant and coal mining communities of Illinois.* Bulletin of the Immigrants Commission, nos. 1, 2. (Springfield, Ill.: Dept. of Registration and Education. 1920. Pp. 37, 43.)

DRACHSLER, J. *Democracy and assimilation: the blending of immigrant heritages in America.* (New York: Macmillan. 1920. Pp. xii, 275. \$8.)

The nucleus of this book is a discussion of the results of the examination of a hundred thousand marriage records of New York City, a study of much value. About one in seven of these represents an intermarriage, and among the intermarriages persons of the first and second generation generally mate with others of their respective generations. The term intermarriage is used in a sociological rather than an ethnical sense, with reference to social assimilation rather than race mixture, but even when this qualification is made, the figures seriously need further interpretation; the marriage, for example, of a German from Austria with a German from Hungary or of a Swiss Italian with a Piedmontese Italian having a significance almost negligible beside that of a Lombard-Bavarian intermarriage.

There is a general study of assimilation. The author's recommendations for an immigration policy comprise selection, distribution, and incorporation. Of incorporation there should, he says, be much, but it should not go beyond a certain point, since some peoples can be most useful by retaining their group fellow-consciousness; of distribution there should be a great deal. Restriction should give way before selection, which plainly is not intended to be inspired by a desire to reduce numbers generally. The author steers clear of any economic emphasis, but the reviewer retains two doubts, which he believes important: (1) whether a program of distribution and incorporation would not be very costly, especially if the foreign-born were not to be given preferential treatment over the more backward native-born (rural folk, negroes, etc.); (2) whether active distribution and incorporation will not enormously stimulate further immigration into the country (the author would not check this by a frankly restrictive policy) which in turn would require greatly increased expenditure for distribution and incorporation. R. F. FOERSTER.

YULE, U. *The fall of the birth-rate.* Paper read before the Cambridge University Eugenics Society. (Cambridge, Eng.: University Press. 1920. Pp. 48.)

Annual report of the Commissioner General of Immigration, fiscal year ended June 30, 1920. (Washington: Bureau of Immigration. 1920. Pp. 454.)

"*Immigration laws.*" (Washington: Bureau of Immigration, 1921. 10c.)

Rapports présentés au Congrès par la Commission d'action religieuse catholique. (Paris: Assoc. du Mariage Chrétien, 86 rue de Gergovie. 1920. Pp. 84.)

Social Problems and Reforms

NEW BOOKS

ARONOVICI, C. *Housing and the housing problem.* The national social science series. (Chicago: McClurg. 1920. Pp. 160. 75c.)

To gauge this book properly, it is necessary to consider the author's intention, which he expresses in the following words: "This book is not intended as a text for field workers engaged in the inspection of sanitary conditions, nor does it deal with any details of the technical features of construction. All that can be claimed is that it presents in outline, at least, some of the fundamental social and economic principles upon which a constructive national housing program may be built." In his eight brief chapters, Dr. Aronovici outlines his problem, deals with the economic factors in housing, with housing legislation and the housing survey, and with garden cities. He states that the housing problem consists in "the furnishing of healthful accommodations adequately provided with facilities for privacy and comfort, easily accessible to centers of employment, culture, and amusement, accessible from the centers of distribution of the food supply, rentable at reasonable rates, and yielding a fair return on the investment." The importance of the problem is illustrated by quotations from statistics on the correlation of housing and mortality drawn from Dr. Arthur Newsholme, the report of the United States Children's Bureau for Johnstown, Pa., and from tables of Dr. A. K. Chalmers of Scotland. These statistics ingenuously correlate high death rates of slum populations with factors of insanitation and overcrowding, but fail to consider the other possible causes. It is probable that poverty and its consequences, malnutrition, overwork, etc., may play a larger part than housing conditions do in the production of such high mortality rates.

In his consideration of rents, Dr. Aronovici in ten pages treats in an original and suggestive manner the causes of variation in rentals. He fails to mention equipment, fashion, and racial factors, but his treatment, despite its brevity, is a contribution to its subject. Under economic factors, he deals with land, materials, labor, capital, maintenance, and cost, and urges that "a reduction to a minimum of the non-creative labor, a general recognition of the financial value of architectural planning and administration, a change from a non-creative and restrictive to a creative point of view of governmental functions in building affairs and a rise in the standard of efficiency of the building trades, will meet the needs of the labor problem in the field of building in general and home building in particular."

The later chapters contain less that is original and controversial. There is occasional carelessness in classification (see bottom of page 2 and page 46) and typographical errors occur in several places (e.g., top of page 28 and bottom of page 79). The book may also annoy the careful reader because of dogmatic assertions. Such assertions, however, could not adequately be defended in a book of this size. They may be used to great

advantage as hypotheses which may be tested by specialists who have access to original data on the subject of housing. In spite of the above criticisms, I find the book broad, original, creative, and often brilliant with more social philosophy than is to be found in any other American work in its field. It should be read by all persons who are concerned with this subject.

JAMES FORD.

BONDHAM, R. *Le mal social et ses remèdes.* (Paris: Société Mutuelle D'Edition. 1920. Pp. 381.)

In discussing the problem of poverty the author illustrates with conditions existing in various countries, makes an analysis of causes and presents a program of reform. The practical subjection of the masses, that is, lack of opportunity on their part, is considered the outstanding cause of poverty. The writer believes that this inequality is due largely to existing inheritance laws and would meet the situation with provisions for a measurable equalization of inheritance within stipulated population districts. Such a reform should greatly reduce the social menace of concentrated wealth. Education and the conservation of the human elements are also stressed. Civilization is not necessarily secure and without reform we will not enjoy that "capillary attraction" which will safeguard society against deterioration.

G. B. M.

BOYLE, J. E. *Rural problems in the United States.* The national social science series. (Chicago: McClurg. 1921. Pp. 142. \$1.)

CHAPIN, F. S. *Field work and social research.* (New York: Century. 1920. Pp. xi, 224. \$1.75.)

As a practical handbook for persons engaged in social research this study is most valuable. It is presented in simple form and is also very readable. It states the principles that should govern an examination of source material; it supplies a long list of the most important common documentary sources and it gives the student an excellent idea as to methods of organizing the field work necessary for a social investigation; it outlines the principles on which a valid investigation must be based; it presents simple schedules for field work and briefly discusses the problems connected with the compilation and analysis of the data gathered. Case work, sampling, and complete enumeration are each discussed as one of the techniques of field work. Unfortunately, the discussion of case work is not entirely adapted to the actual problem of the investigator in a large proportion of the case work studies made for purposes of social investigation. The author would probably have been more successful if he had been more original in his presentation of this problem. Although only a few formulas are presented the novice will find it difficult to give them practical application. They could easily have been demonstrated and the method made entirely clear. A short analysis is made of the method used in conducting a number of typical investigations. The selected references given at the end of the various chapters are very helpful as collateral reading, both for the student and the investigator. The author brings the investigator to the point where the method of interpreting the facts needs to be ascertained but leaves him to complete this study in other books.

GEORGE B. MANGOLD.

COLLIS, E. L. and GREENWOOD, M. *The health of the industrial worker.* (Philadelphia: Blakiston. 1921. Pp. xix, 450. \$7.)

DARROW, C. *Crime and punishment.* Edited by SEBA ELDREDGE. (New York: Crowell. 1921.)

DOUGLAS, P. H. *American apprenticeship and industrial education.* Columbia University studies in history, economics, and public law, vol. XCV, no. 2. (New York: Longmans. 1921. Pp. 348.)

GINI, C. *Problemi sociologici della guerra.* (Bologna: Nicola Zanichelli. 1921. Pp. 390.)

GLEASON, A. *Workers' education. American and foreign experiments.* (New York: Bureau of Industrial Research, 289 Fourth Ave. 1921. Pp. 64. 50c.)

HUDSON, J. W. *The truths we live by.* (New York: Appleton. 1921. Pp. x, 307. \$3.)

HUSSLEIN, J. C. *Evolution and social progress.* (New York: P. J. Kennedy & Sons. 1920. Pp. viii, 287.)

LICHTENBERGER, A. *La crise actuelle de la domesticité.* (Paris: Musée Social. 1921. Pp. 26.)

LOUGHREAN, E. W. and MADDEN, M. R., compilers. *Outline study of immigration and Americanization.* (Warren, R. I.: Ward McDermott Press. 1921. Pp. 19. 30c.)

MILLER, L. D. *Directory of social agencies.* Formerly the New York charities directory. Thirteenth edition. (New York: Charity Organization society, 105 E. 22d St. 1921. Pp. liii, 407. \$2.)

MILNES, N. *Child welfare.* (New York: Dutton. 1921. Pp. 248. \$2.85.)

MORRIS, J. VAN L. *Employee training: a study of education and training departments in various corporations.* First edition. (New York: McGraw-Hill. 1921. Pp. xxiii, 311. \$3.)

RATHENAU, W. *The new society.* Authorized translation by ARTHUR WINDHAM. (New York: Harcourt, Brace & Co. 1921. Pp. vi, 147.)

ROBERTSON, J. *Housing and the public health.* English public health series. (New York: Funk & Wagnalls. 1920. Pp. 159. \$1.50.)

ROWTREE, B. S. and STUART, F. D. *The responsibility of women workers for dependants.* (Oxford: Clarendon Press. 1921. Pp. 65.)

SIMS, N. L. *The rural community.* (New York: Scribner's. 1920. Pp. xxiii, 916.)

SMYTH, W. H. *Technocracy, first and second series. Social universals.* (Berkeley, Calif.: Author, Fernwald. 1921. Pp. 66.)

SNEDDON, D. S. *Sociological determination of objectives in education.* (Philadelphia: Lippincott. 1921. Pp. 322.)

Annotated subject index and order list of books and pamphlets, including government reports on maternity and child welfare in England and Scot-

land. A. R. C. circular no. 1011. (Washington: American Red Cross. 1920. Pp. 181.)

Bulletin of information. (New York: Bureau of Personnel Administration. 17 West 47th St. 1921. Pp. 23.)

The church and industrial reconstruction. By the Committee on War and the Religious Outlook. (London: Bell & Sons. 1921. 8s. 6d.)

Cost of health service in industry. Research report no. 37. (New York: Nat. Indus. Conference Board. 1921. Pp. 33.)

Directory of family social work societies of the United States and Canada; together with a selected list of foreign societies. (New York: American Assoc. for Organizing Family Social Work. 1921. Pp. 31.)

Report of special commission to investigate maternity benefits. House no. 1885. (Boston: State House. 1920. Pp. 92.)

Insurance and Pensions

NEW BOOKS

ARNOLD, R. R. *Workmen's compensation law of Georgia.* (Atlanta: Harrison Co. 1920. Pp. 51. \$2.)

BAMENT, W. N. *Co-insurance. An address delivered before the one hundred and fifty-fourth stated meeting of the Insurance Society of New York.* (New York: Insurance Soc. 1921. Pp. 22.)

DÖRING, H. *Versicherung und Luftverkehr, Preisgekrönte Abhandlung. Veröffentlichungen des Deutschen Vereins für Versicherungs-Wissenschaft.* (Berlin: Mittler. 1921. Pp. 96. 24 M.)

HATCH, H. A. *Experience of American employers favorable to unemployment compensation.* (New York: Am. Labor Legis. Rev. 1921. Pp. 23.)

LYNCH, J. M. *Sickness in industry as a cause of poverty—and a remedy therefor.* Ninth report of the committee on health. (New York: N. Y. State Federation of Labor. 1920. Pp. 19.)

MOIR, H. *Life assurance primer. A textbook dealing with the practice and mathematics of life assurance, for advanced schools, colleges, and universities.* Third edition, revised and enlarged. (New York: Spectator Co. 1921. Pp. vii, 230.)

Mutual relief associations among government employees in Washington, D. C. Bull. 282. (Washington: Bureau of Labor Stat. 1921. 5c.)

Problems and solutions: associateship examinations, parts I and II, 1915-1919. (New York: Actuarial Soc. of America. 1921. Pp. v, 183.)

Progress of the contractual plan of old age annuities. Carnegie Foundation for the Advancement of Teaching. 1921. Pp. 52.)

Statistical tables compiled from annual statements covering business of 1920. (Albany: N. Y. Insurance Dept. 1921. Pp. 20.)

Socialism and Co-operative Enterprises

The Social Interpretation of History. A Refutation of the Marxian Economic Interpretation of History. By MAURICE WILLIAMS. (Brooklyn, N. Y.: Privately printed by the author, 87 Norman Ave. 1920. Pp. 222.)

This little volume has unusual interest as a personal document; not that its service can be so narrowly defined, for it contains a great deal of penetrating criticism of Marxian theory and much more effective criticism of that army of disciples who have outdone and often undone their master. It is a sinister comment to see trains and banners of the Russian reds plastered with huge portraits of Marx and then note the scathing anathemas by the best known of Marx's interpreters.

One may question a little Mr. Williams' confidence in his "basic law of evolution," and the finality attributed to it. Now and then, one would like to substitute for this law some term like "available human nature." But this does not seriously impair the excellence of the study.

For more than twenty-five years the author was a devout and unquestioning Marxian. The reactions of the war and the part played in it by socialists led Mr. Williams to a searching reconsideration of the theories and practices which had so long held his loyalty. He had accepted the definitions, formulas, and logic of socialist exposition. The vibrations of war created such confusion among the leaders about the world that no dogma was left unshaken. This was the opportunity for "revaluing the values." Mr. Williams has made skilful use of it. A good instance is in the third chapter, on State Socialism. Here we have a leading editorial writer in the *New York Call*, reading a lesson to Norman Hapgood. There are three pages of the most familiar orthodox severities patronizingly administered, but hardly a year of war experience was required to upset this complacent dogmatism. It appeared that none differed more on fundamentals than the very élite of socialist expositors.

The author sees this party strife as a result of pretended loyalty to Marxian principles and their total abandonment in practice. Through seventeen short and pithy chapters, he exposes these inconsistencies. On specific questions like "reform legislation"; its utility or dis-utility to socialism, he shows, for example, how the veteran Kautsky differs from Hillquit, with other instances just as telling. The author is at his best in his analysis and use of the coöperative movement in its relation to Marx. A lucid distinction between labor copartnership and consumer's coöperation is made and adhered to. Marx's resolution at the Geneva Conference is quoted. "We recommend workmen to embark on coöperative production rather than coöperative stores. The latter touch only the surface of the economic system of today, the first

strikes at its foundation." What a comment on this judgment is the total history of the two movements! The one is a record of failure, the other at least of relative and growing success. Yet Mr. Williams is not deceived into any romantic idealizing of consumers' coöperation. He subjects this (p. 144 *et seq.*) to most intelligent criticism with fruitful suggestions as to its relation to socialism.

"The differences in the relative success of the Socialist party and Consumer Coöperative is explained by the fact that the Consumer Coöperative did not have to repudiate any theoretical principles in working out its practical program. The time that the "Marxists" spent in fighting each other over the inconsistency between their theory and practice, the members of the coöperative spent in building up their organizations and in extending their influence."

The book is to be heartily recommended.

JOHN GRAHAM BROOKS.

Cambridge, Mass.

NEW BOOKS

AMMON, A. *Die Hauptprobleme der Socialisierung.* (Leipzig: Quelle. 1921. Pp. 111.)

BERNSTEIN, E. *My years of exile: reminiscences of a socialist.* Translated by BERNARD MIALL. (London: Leonard Parsons. 1921. 15s.)

BRAILSFORD, H. N. *The Russian workers' republic.* (New York: Harper. 1921. Pp. x, 274. \$2.50.)

CLAESSENS, A. *The logic of socialism.* (New York: Rand School of Soc. Sci. 1921. Pp. 51. 15c.)

COLE, G. D. H. *Guild socialism: a plan for economic democracy.* (New York: Stokes. 1920. Pp. 202. \$1.60.)

EUCKEN, R. *Der Sozialismus und seine Lebensgestaltung.* (Leipzig: Philipp Reclam, Jr. 1921.)

GERATHEWOHL, F. *St. Simonistische Ideen in der deutschen Literatur.* (München: Birk. 1920. 2 M.)

GLASIER, J. B. *William Morris and the early days of the socialist movement.* (New York: Longmans. 1921. Pp. ix, 208. \$2.25.)

HALDANE, LORD. *The problem of nationalisation.* With an introduction by R. H. TAWNEY, and H. J. LASKI. (London: Allen & Unwin. 1921. 1s.)

HYNDMAN, H. M. *The evolution of revolution.* (New York: Boni & Liveright. 1921. Pp. 406.)

Mr. Hyndman, now in his eightieth year, was one of the first and remains among the last of the British Marxian socialists. The founder of the Social Democratic Federation has lived to see his own generation pass from the stage and to see the younger radicals drift away either to the Labor party on the right or to the syndicalist groups on the left. And to

the last, although he "ventures to differ" from Marx on minor points, Mr. Hyndman remains true to the faith.

He gives us in this book a survey of social evolution from primitive communism to the bolshevik dictatorship. The steps by which a great human community moves upward from one stage to another in the evolutionary process, are known as revolutions. He believes that the dominant forces in this process are economic, although he expressly disavows the "complete determinist" position. A genuine revolution can only take place when social and economic conditions are ripe. Conditions were not ripe for socialism in Russia, so when the Czar fell he only gave place to a "Communist Ivan the Terrible."

The author's mature scholarship and wide experience give to the volume an unusual value, and we can therefore pardon such defects as the involved sentences and the rather obvious failure to take into consideration the work of contemporary economists and sociologists, particularly in the field of social origins.

G. B. L. ARNER.

LAIDLER, H. W. *The history of socialism*. Edited by SEBA ELDREDGE. (New York: Crowell. 1921.)

LEROSSIGNOL, J. E. *The sophistry of socialism*. (New York: Cromwell. 1921.)

LORIA, A. *Karl Marx*. Translation with foreword by E. and C. PAUL. New York: Seltzer. 1920. Pp. 163.)

This brilliant critical essay was written to commemorate the centenary of the founder of modern socialism. The English translation is unusually good, although the foreword by the translators is long and tedious. It is interesting to note that, writing before the bolshevist coup d'état, Loria expressly points out the syndicalist error in Marxian interpretation on which the theory of bolshevism is based. While Marx does appeal to force as the midwife of an old society pregnant with a new one, he is very careful to show that a long evolutionary process must come first and that the old order must disintegrate and lose its vitality before a sudden revolution can succeed.

G. L. A.

MUCKLE, F. *Die grossen Sozialisten. II. Saint Simon, Pecqueur, Buchez, Blanc, Robertus, Weitling, Marx, Lassalle*. (Leipzig: Teubner. 1920. 3.50 M.)

MUELLER, O. *Der Sozialismus in Deutschland*. (Münich: Volksverein-Verlag. 1920. 6 M.)

PRICE, M. P. *My reminiscences of the Russian revolution*. (London: Allen & Unwin. 1921. 18s.)

RAINE, C. E., and LUBOFF, E. *Bolshevik Russia*. (London: Nisbet & Co. 1920. 1s.)

RIGNANO, E. *Per una riforma socialista del diritto successorio*. (Bologna: Nicola Zanichelli. 1920. Pp. 167. 6.50 l.)

TRAVERS-BORGSTROEM, A. *Mutualism: a synthesis*. (London: Macmillan. 1921. Pp. xxvi, 97. 4s. 6d.)

WEEKS, R. W. *Socialism of Jesus*. (Girard, Kans.: Appeal to Reason. 1921. Pp. 64. 25c.)

WOOLF, L. S. *Socialism and coöperation*. (London: National Labour Press. 1911. 3s. 6d.)

Co-partnership. Report of the London Co-partnership Congress, October, 1920. (London: Labour Co-partnership Assoc. 1920. Pp. 33. 2s. 6d.)

Statistics and Its Methods

The Problem of Estimation. A Seventeenth Century Controversy and Its Bearing on Modern Statistical Questions, Especially Index Numbers. By CORREA MOYLAN WALSH. (London: P. S. King and Son, Ltd. 1921. Pp. 144. 6s.)

The opening chapter of this book adds another link to the already lengthy chain of evidence that there is nothing new under the sun. The author shows that nearly three hundred years ago, mathematicians were already discussing the same problems which are puzzling the statisticians of today. At that time, Galileo and Nozzolini had an intricate discussion concerning the following question: "If a horse worth 100 crowns is estimated by one person at 1,000 crowns and by another at 10 crowns, which of these two estimates is the less erroneous, or are they equally erroneous?" Nozzolini contended that the estimate of 10 crowns was equally as far astray as an estimate of 190 crowns. Galileo, on the contrary, took the position that the estimates of 10 crowns and 1,000 crowns represented equal errors. Mr. Walsh points out that the controversy was really over the use of the arithmetic or geometric average. Galileo apparently had the better of the argument and established the fact that the geometric average is the correct one to use in connection with estimates. Present-day statisticians have often assumed that the average adapted to estimates is also applicable to observations. The author points out that the two things are entirely different in their nature. When numerous estimates are plotted as a frequency graph, they give a curve greatly skewed to the right, while observations yield a symmetrical curve instead. The arithmetic mean of observations approaches the correct result, but this average is highly erroneous when applied to estimates.

This discussion serves as an introduction to a searching analysis of the nature and uses of different types of averages. The principles set forth have been so carefully worked out that one needs to be well prepared indeed before he takes issue with Mr. Walsh.

The third chapter is devoted to price indices and takes up in detail questions of the applications of the various types of averages to this problem. The nature and merits of weighting are also discussed and the importance thereof is strongly emphasized. The conclusions reached, concerning the best index number for use in measuring changes in the purchasing power of money are largely in harmony with those

presented by Professor Irving Fisher at the Annual Meeting of the American Statistical Association in December, 1920.

The author does not hesitate to take to task vigorously those statisticians whose reasoning seems to him to be careless or unsound. It appears to the reviewer that at least one such criticism is ill founded. Professor Edgeworth is quoted as saying: "It is with the index numbers as with conduct; in order to form a just judgment, we must always look to the underlying idea and purpose." Mr. Walsh flatly denies the truth of this assertion and says: "In averaging price variations, the purpose or object is given; it is to measure changes in the exchange-value or purchasing power of money." The thought thus stated is adhered to throughout the book. Is it not true, however, that Professor Edgeworth is correct in his assertion and that the idea of confining index numbers of prices to one use only limits their application to much too narrow a field? Index numbers are required for the purpose of measuring construction costs, wages, average prices of consumers' goods, and hundreds of other things, and there seems no justification for overemphasizing the importance of the particular form of index best adapted to measuring changes in the general purchasing power of money, for are we sure that because that particular index best serves the last-mentioned purpose, it is also the ideal one for each of the other uses? Mr. Walsh seems to present no evidence sufficient to establish his contention in this regard.

Although a book so vigorously written is certain to clash with the views of some statisticians, there will, nevertheless, presumably be few who will not be impressed by the masterly manner in which the whole subject of price indices is handled, and who will not find the book stimulating as well as interesting.

WILLFORD I. KING.

NEW BOOKS

BRENIER. *Essai d'atlas statistique de l'Indo-Chine française.* (Paris: Agence Economique, 41, Avenue de l'Opéra. 1921. 12.50 fr.)

BROWN, W., and THOMSON, G. H. *The essentials of mental measurement.* (New York: Macmillan. 1921. Pp. x, 216. \$7.)

DANOS, G. *L'anarche économique et les statistiques du commerce extérieur.* (Paris: Gauthier-Villars. 1921. Pp. 88.)

DRACHSLER, J. *Intermarriage in New York City: a statistical study of the amalgamation of European peoples.* Columbia University studies in history, economics and public law, no. 213. (New York: Longmans. 1921. \$2.25.)

HALEY, T. S. *Infant mortality. Results of a field study in Akron, Ohio, based on births in one year.* (Washington: Children's Bureau. 1920. Pp. 118.)

INSOLERA, F. *Lesioni di statistica metodologica.* (Turin: Treves. 1921. Pp. 190. 24 l.)

LINHART, G. A. *A new and simplified method for the statistical interpretation of biometrical data.* (Berkeley: Univ. of California Press. 1920.)

LOEWY, A. *Mathematik des Geld- und Zahlungsverkehrs.* (Leipzig: Tübner. 1920. 11 M.)

MITCHELL, W. C., MACAULAY, F. R., KING, W. I., and KNAUTH, O. W. *The income of the United States.* (New York: Harcourt, Brace & Co. 1921. \$1.)

NICEFORO, A. *La misura della vita.* (Torino: Fratelli Bocca. Pp. xii, 515. 22 l.)

SANDOW, T. H., compiler. *Census statistics 1920 compiled from official records.* (Wilkes-Barre, Pa.: Author, 27 W. Jackson St. 1920. Pp. 191.)

VIRGILII, F. *Statistics.* Eighth Edition. (Milan: Hoepli. 1920. 6 l.)

WILDER, H. H. *A laboratory manual of anthropometry.* (Philadelphia: Blakiston. 1920. Pp. 193. §§.)

Annual report of the Director of the Census to the Secretary of Commerce for the fiscal year ended June 30, 1920. (Washington: Dept. Commerce. 1920. Pp. 51.)

Annual statement of the trade and commerce of Saint Louis for the year 1920. (St. Louis, Mo.: Merchants' Exchange, Eugene Smith, secretary. 1921. Pp. 258.)

Befolkningsrörelsen aren 1917 och 1918. (Helsingfors: Statsrådets Tryckeri. 1921. Pp. 191.)

A study of the movement of population in Finland during the years 1917 and 1918.

Births, deaths, and marriages, England and Wales. Part I. *Report of the Registrar-General for 1919.* Part II. *Abridged life tables.* (London: H. M. Stationery Office. 1921. 7s., 1s. 6d.)

Boston statistics, 1920; with memorable sites and buildings. (Boston: Statistics Dept., City Hall. 1921. Pp. 83.)

Graphic and statistical sales helps. (Chicago: A. W. Shaw Co. 1921. Pp. 178.)

Contains production data in wholesale and retail trade and statistics of costs in various branches in industry.

Industrial survey in selected industries in the United States, 1919. Preliminary report. Bulletin of the United States Bureau of Labor Statistics, no. 265. (Washington: Supt. Docs. 1921. Pp. 509.)

L'inégalité devant la mort d'après les statistiques de la ville de Paris. Effets de la situation sociale sur la mortalité. (Paris: Tenin. 1920. Pp. 54.)

Manuel statistique de la République Tchécoslovaque. I. (Prague: L'Office de Statistique d'Etat. 1920. Pp. 102.)

Mortality statistics, 1919. Bull. 144. (Washington: Bureau of the Census. 1920. Pp. 94.)

The official year-book of New South Wales, 1919. (Sydney: Bureau of Statistics. 1920. Pp. 664.)

Résumen anual de estadística municipal (ano XVII, 1919); résumé de statistique municipale. (Uruguay: Dirección de Censo y Estadística de Montevideo. 1920. Pp. 304.)

Seventy-seventh annual report on the vital statistics of Massachusetts; for the year 1918. (Boston: Office of the Secretary, State House. 1920. Pp. 252.)

Sixty-second annual report of the corporation of the Chamber of Commerce of the state of New York for the year 1919-1920. In three parts. (New York: Press of the Chamber of Commerce. 1920. Pp. xxxv, 335, 328, 81.)

South Dakota agricultural statistics, 1920. (Pierre: State Tax Commission. 1920. Pp. 4.)

Statistical abstract of the state of Washington. (Olympia: Bureau of Statistics and Immigration. 1920. Pp. 68.)

Statistical data compiled and published by the Bureau of Crop Estimates, 1863-1920. Department circular 150. (Washington: Dept. Agri. 1921. Pp. 64.)

Statistical record of the progress of the United States, 1800-1920, and monetary, commercial, and financial statistics of principal countries. (Washington: Bureau of Foreign and Domestic Commerce. 1921.)

Statistics of common carriers. A preliminary abstract for the year ended December 31, 1919. (Washington: Interstate Commerce Commission, Bureau of Statistics. 1921. Pp. 172.)

Statistics of municipal finances. Thirteenth annual report for city and town fiscal years ending between November 30, 1918, and March 31, 1919. Public Doc. no. 79. (Boston: State House, Commissioner of Corporations and Taxation. 1920. Pp. 307.)

Statistics of railways in the United States. Thirty-second annual report of the Interstate Commerce Commission year ended December 31, 1918. (Washington: Interstate Commerce Commission, Bureau of Statistics. 1920. Pp. 803.)

Statistics relating to the sale of intoxicating liquor. (London: H. M. Stationery Office. 1921. Pp. 182. 2s.)

Survey of pupils in the schools of Bakersfield, California. (Whittier, Cal.: Whittier State School. 1920. Pp. 48.)

The twentieth financial and economic annual of Japan. (Tokio: Dept. of Finance. 1920. Pp. 197.)

Yearbook of the state of Colorado, 1920. (Denver: Colorado State Board of Immigration. 1920. Pp. 248.)

Yearbook of the state of Indiana for the year 1920. (Indianapolis: Leg. Ref. Bureau. 1921. Pp. 1197.)

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

From the United States Tariff Commission has been received in the series of Tariff Information Surveys a revised edition of the *Article in Paragraph 102 of the Tariff Act of 1913 relating to the Ferroalloy Industries* (Washington, 1921, pp. 160); also, Tariff Information Series No. 22, *Census of Dyes and Coal-Tar Chemicals* (1921, pp. 95); and *The Japanese Cotton Industry and Trade with Special Reference to Comparative Costs and Competition between Japan and the United States* (1921, pp. 162).

From the Federal Trade Commission has been received:

Summary of Report of the Federal Trade Commission on Commercial Feeds (Washington, March 29, 1921, pp. 15).

Summary of Report on Combed Cotton Yarns (April 14, 1921, pp. 8).

Summary of Report on the Pacific Coast Petroleum Industry, Part I (April 7, 1921, pp. 19).

The Department of Commerce has issued the nineteenth edition of *List of Publications of the Department Available for Distribution* (Washington, May 16, 1921, pp. 85).

Corporations

RECENT AMENDMENTS OF THE NEW YORK PUBLIC SERVICE COMMISSIONS LAW IN RELATION TO FRANCHISES AND MUNICIPAL CONTRACTS. The Public Service Commissions law of New York as first enacted in 1907, provided for two districts and two corresponding commissions of five members each. The first district comprised the city of New York, and the second, the rest of the state. Each commission had complete jurisdiction of the public utilities in its own territory except that there were special provisions for companies operating in both districts, and that the telephones for the entire state were placed under the second district. In the first district the commission had charge not only of ordinary regulation, but also acted in behalf of the city of New York in administering the construction and operation of rapid transit railroads under the provisions of the Rapid Transit act. This general plan of organization was continued till 1919, when it was modified in the first district, but was left intact in the second. The first district commission was abolished, and in its place two commissions were created: the Public Service Commission with a single commissioner and three deputies, and the Transit Construction Commission with one commissioner and a deputy. The first continued the ordinary regulatory functions over rates, capitalization, and service, while the second assumed the administrative duties in behalf of the city of New York under the Rapid Transit act.

The reorganization in 1921, following the complete change in state po-

itical control, has been more far-reaching and has permitted the new appointment of a full quota of commissioners throughout the state. Even the long honored division into two districts was abolished, together with the three existing commissions. In their place, two new commissions were created: the Public Service Commission of five members, and the Transit Commission of three members. The latter has jurisdiction only over railroads, street railroads, stages and omnibus lines in the city of New York, but is vested with both regulatory powers and the administration of the Rapid Transit act. It is charged also with the extra-ordinary duty of formulating and putting into effect, a plan for reorganizing the street railways in the city of New York. The new Public Service Commission has jurisdiction over railroads, street railroads and stage and omnibus lines in the rest of the state outside of the city of New York, and over the other utilities throughout the state, including the city of New York.

There is no clear reason underlying the new demarcation between commissions. There was sense in the former division between the first and second districts, also some justification in the first district in separating the regulatory functions from the administrative duties under the Rapid Transit act. But only political considerations can account for the present grouping of the single Transit Commission restricted to the city of New York, endowed with both regulatory duties and the administration of the Rapid Transit act, and a commission with state wide regulatory power over all utilities except transit. The new alignment requires extensive separation of departments and confusing division of records. But its chief difficulty is that the technical employees realize that this shifting is all temporary and that there will be a further shuffle with the next change in political power, and then another, and another,—that the commissions have become political footballs, and not organizations to do serious public work. The repeated changes in personnel and organization have raised havoc with the exceptionally high order of ability and enthusiasm of the original technical staffs. They have driven a large proportion of the good men out of the service, and have reduced most of the rest to mere job holders. Only a person who has been in close contact with the commissions since their beginning can understand the tragic decadence of the promiseful organizations started under Governor Hughes.

Prior to the recent amendments, the provisions relating to rate regulation had varied considerably between the different kinds of utilities. Thus the commissions had full power over rates of street railways previously fixed by statutory authority, but in case of gas and electric companies they were limited upward to the maximum fixed by statute. Further, if a company filed new schedules, especially when its rates had not previously been fixed by the commission, the latter had the power to suspend the schedules of

a transportation company until their reasonableness could be determined, but did not have such powers over gas and electric companies and other utilities.

These differences were never justified and have properly been eliminated. Under the revised law, the commissions have full power to increase or decrease rates of all utilities without regard to statutory restrictions, also to suspend new tariffs filed by any utility pending a determination of the reasonableness of the proposed rates.

These changes, both in the matter of introducing uniformity and extending the power of the commissions, mark a distinct advance. The only doubt as to their full desirability appears in the 80 cent gas law applying to the city of New York, which has thus been indirectly repealed. This statutory rate has been under litigation as confiscatory, and its enforcement has been enjoined by the United States District Court. Doubtless its validity would have been brought before the Supreme Court of the United States, but the amendment of the law may now prevent or substantially affect such final adjudication. The responsibility of determining the reasonableness of the 80 cent rate is now likely to pass for the most part to the new Public Service Commission with power to fix new rates.

The most far-reaching change in the law is the extension of the commissions' power even over rates fixed by franchises and contracts between cities and companies. Although this applies uniformly to all classes of utilities, it has significance chiefly as to street railways, which have been limited extensively throughout the state by franchises to a maximum five cent fare; the other utilities either have no franchise limitations or most of them have rates in force much below the franchise maximum. Under the so-called Quinby decision, the Court of Appeals of the state of New York held that the commissions could not grant higher rates than those fixed by franchise on the ground that they had not been given such power by the legislature, but the scope of this decision was substantially limited in subsequent decisions.¹ In some instances temporary agreements have been made between the cities and the street railway companies for higher fares. In a number of municipalities, however, especially in the city of New York, a five cent fare is still in force and will furnish the immediate occasion for testing the constitutionality of this special extension of power.

The scope of this new power is not only practically limited to street railways, but its constitutionality is here much more doubtful. In case of other utilities, the local grants have been based only on general statutory authority, while the street railway franchises since 1875 have been granted under Article III, Section 18, of the state constitution, which requires the consent of the local authority to construction or operation of a street railroad in the streets of a municipality. Street railway franchises, therefore,

¹ See John Bauer, "Control of Public Utility Rates in the State of New York," *AMERICAN ECONOMIC REVIEW*, Dec., 1920, p. 872.

rest upon independent constitutional grounds and to that extent are beyond control of the legislature.

The specific constitutional question in cases where a five cent fare was fixed in a street railway franchise under the direct constitutional provision that there be no construction or operation except by consent of the local authorities, is whether the legislature can subsequently abolish this restriction and still leave the privilege of operation at a higher rate of fare? Since the presumption is that the local consent would not have been granted except on the condition of the five cent fare, can the legislature therefore disregard the condition and leave intact the privilege of operation?

This constitutional question has also a practical counterpart. When franchises were issued, far-reaching privileges were granted to the companies, usually including a long term of right to operation. The only safeguards against possible abuse of the privileges were the restrictions in the grants, especially the five cent fare limitation. It is, of course, true that a permanent rate of fare fixed by franchise is not a desirable way of protecting the public; nor is a long term or perpetual right a reasonable privilege granted to the companies. The practical question, therefore, is whether the past agreements should now be modified by legislation, or whether they were not better left to the cities and companies for the negotiation of new terms. If the companies cannot operate under their franchise restrictions, should they not have been referred to the cities for revision of their agreements, so that by negotiation they would have been compelled to give up unjustified privileges in return for the removal of undue restrictions? The common belief, however, is that they have studiously avoided renegotiation of franchise terms. In previous meetings of the legislature, they sought the extension of the commissions' power over rates fixed by franchises, and they supported the present amendments. Presumably, therefore, through this action they expect to obtain higher fares without sacrificing advantages granted in their franchises.

The extension of the commissions' power to increase street railway rates over the maximum fixed by franchise or contracts has special application to the city of New York. In regard to ordinary franchises with fare restrictions, the situation is the same as in other municipalities of the state, and this covers practically all the surface lines. Besides ordinary franchises, however, the city of New York has entered also into actual contracts for construction and operation of railroads, provided for by special legislative action. Under the Rapid Transit act, the city has invested about \$300,000,000 in subways and has leased the lines for operation to street railway companies, granting them extraordinary privileges, and allowing them large returns on their own investment, but fixing a five cent fare and no more as a condition of operation. It appears as an owner of the railroads, having

invested its money in the properties and as a proprietor, having leased them to other companies on fixed conditions. Further, it entered into the contracts under specific legislative authorization. It raises, therefore, not only the question of constitutional consent as in the ordinary franchises granted since 1875, but also the question of impairment of contract under the Constitution of the United States.

The new law, as particularly applied to the city of New York, has created the Transit Commission, which has sole jurisdiction over transportation in the city. Besides, without regard to franchise or contract restrictions, it is directed to make a general investigation of street railway conditions and prepare a plan for reorganization, giving consideration to possible unification of all the properties into a single system. This plan shall first be submitted to the city of New York and the companies for criticism and suggested changes. Then, after the criticisms and suggestions have been taken into consideration, the plan shall again be submitted to the city, and if the latter does not approve, shall be put into effect by the commission itself, provided that it has been accepted by the companies.

This extreme power of formulating a plan of reorganization and putting it into effect without the final approval of the city, manifestly invades not only the ordinary franchises but the city's rapid transit contracts. The commission may thus annul the contracts and abrogate all existing franchises, and enter into new agreements with the companies, fixing new conditions and terms of operation. As a state commission, therefore, it would act as the local authority in granting franchises and making contracts for the city of New York.

This power, of course, is extraordinary and to the lay mind, also probably to most lawyers, it is difficult to see how it can possibly stand under the provision of the Constitution of the United States safeguarding contracts. Unless the city should approve the final plan formulated by the commission, it will probably carry the issue to the Supreme Court of the United States. Doubtless it will fight to the limit the right of the commission to modify contracts or to enter into new agreements in its behalf. The law is defended partly as an exercise of the police power, as merely a logical extension of the state's right to regulate rates of public service corporations. But the more general defense lies in the sovereignty of the state over a municipality. The latter, it is urged, is entirely a creature of the state, and is in all respects subject to control by the state. The legislature may grant, amend, or annul a city's charter, define or fix the local government, and establish special agencies or departments for carrying out particular functions. According to this view, the legislature has now simply created the Transit Commission to reorganize the street railways and to act in full capacity for the city of New York as an agency for the particular purpose.

It is beyond the scope of this review to discuss in detail the constitutional questions raised by the law, and these are many. The state, of course, has and exercises great powers over the cities. But may it not give specific authorizations to a city for expenditure of municipal funds under contract with a private corporation for a fixed period, and thus divest itself of control over the subject matter of the contract during such limited time? Although, undoubtedly, it may designate the local agency for carrying out any particular municipal function, can it in fact create a state agency with quasi-judicial power to act in behalf of a city in purely contractual matters against the opposition of the elected officials of the municipality?

Most of the operating companies are in the hands of receivers, and sooner or later general reorganization will be inevitable. This, the writer is fully convinced and has urged for over two years, should provide for a unified street railway system, including all facilities in the city, subway, elevated, and surface, based, however, upon a valuation which not only is fair to the public as to actually existing investment, but which is low enough so that it can be permanently sustained by the earnings and will establish credit for immediately necessary improvements and extensions. Besides the chaos incident to the present general insolvent condition of the companies, the city is in need of immediate further extensions of the rapid transit lines, but the necessary funds are not available under present circumstances. The city has not sufficient borrowing power under the debt limit and the companies have no credit at all. The reorganization, therefore, must have chief regard for the creation of credit and must limit the valuation accordingly.

Although the Transit Commission is directed to put into effect a plan of reorganization and to fix a valuation for the purpose it is without power to compel the companies by its own direct authority to accept the plan. Manifestly, therefore, it will have to negotiate and it will be badly handicapped in its negotiation by not having the right to discontinue if a proper valuation and other desirable conditions are not accepted by the companies. The latter, of course, will struggle for the largest valuation possible to save and revitalize their present mass of securities, and they will be greatly aided in this struggle by the fact that the commission must execute a plan.

The writer believes that a desirable system of unified operation would have been better obtained by untrammelled negotiation between the city and the companies. Such negotiation would almost certainly have come about with the passage of certain political exigencies, particularly when the companies once came to realize that they could expect no relief through legislative or judicial action, and that they could not further avoid a financial show-down with the city in discussing the rapid transit contracts and franchises. In such negotiations the city would not be hampered by any legislative mandate or by general regulatory and quasi-judicial responsibility. It could proceed with consideration only to its duty to the public and would

thus probably succeed in keeping down the valuation to an amount which could be permanently sustained by the earnings.

There is thus little probability that the transportation deadlock and confusion are likely to be cleared away very soon. The situation, of course, has been complicated by political cross-purposes, lack of agreement upon constructive municipal policies, unjust characterization of the city administration, befogging of issues by the companies' campaign of publicity, lack of understanding by most of the news and editorial writers of the city, and, apparently, by the political and legislative activity of the companies to obtain relief without revision of contracts and franchises.

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THE CALIFORNIA LEGISLATIVE REPORT ON PUBLIC UTILITIES. Pursuant to Senate Concurrent Resolution 20. (Sacramento: Calif. State Printing Office. 1921. Pp. 6.) The summarized findings of this legislative committee are of more than usual interest in view of the recent programs of utility regulation in other states.

Probably because it has been necessary to permit increases in utility rates in recent years there has been a tendency to assume that competition in connection with the furnishing of utility service is desirable. Motor busses have been run in competition with the street cars in Des Moines. In Illinois motor-bus lines have been established in competition with interurban lines and the interurban stations have been used by the passengers of the motor-bus lines, the time schedule being arranged so that the motor busses leave a few minutes before the departure of the interurban cars.

• About 1907 when many state public utility commissions were established they were very popular partly because they made rather general reductions in public utility rates at that time. Recently, however, with increases in utility rates there has arisen a desire to curtail or abolish state control of utilities and to increase the control over them by local authorities. In Iowa there is no state public utilities commission; bills providing for such a commission failed to become law in the last session of the legislature. The Iowa League of Municipalities has gone on record to the effect that it will "exert all legitimate efforts to prevent the creation of any public utility commission in the state of Iowa, and that this organization hereby expresses its unalterable opposition to the establishment of any commission authorized to control or regulate any local utility." In Illinois legislation has been pending for some time which would abolish the Illinois Public Utilities Commission and provide for an Illinois Commerce Commission, leaving the regulation of utilities to local authorities. It does not now appear probable that this bill will become law, without fundamental modifications. In Arkansas where there has been some sort of central control of utilities

for twenty years they have, under the new governor, abolished the Arkansas Corporation Commission and provided for local control of utilities.

The California legislative committee made an investigation of public utilities in that state in response to complaints concerning the public utility law and regarding the activities of the State Railroad Commission which has control over the utilities in that state. The summarized statements of the report deal, among other things, with the following important issues.

1. Regulated monopoly in the public utility field.
2. The amendment to the California constitution, pending before the legislature, permitting municipalities to withdraw from the jurisdiction of the State Commission.
3. Recent advances in utility rates.
4. The "cost plus" fallacy in rate making.
5. Bringing the work of the State Commission closer to the people and increasing the effectiveness of state control.

The committee is distinctly in favor of regulated monopoly in the utility field. In the proposed legislation which has been pending in Illinois it is provided that companies forming bus lines should not be required to obtain a certificate of convenience and necessity before establishing such lines in competition with interurban electric roads. The California legislative committee states that "competition in public utility service is fundamentally wasteful." It does not favor local control of public utilities. Among the arguments against permitting a municipality to withdraw from the jurisdiction of the state commission, the committee points out that it would work a great hardship upon consumers outside municipalities. The committee believes that whatever desire there may be on the part of municipalities to withdraw has been due to the advance in utility rates but the committee believes that for that reason alone withdrawal should not be permitted. "For if municipalities were permitted to withdraw and should lower rates, and we accept the proposition that the utility company should receive a 'fair return,' then it becomes evident that consumers outside municipalities would be compelled to make good their reduction."

The committee justifies the recent advances in utility rates by pointing out that the advance in prices of commodities and materials used by utilities has been much greater than the increase in utility rates. It is stated that while oil advanced 180 per cent and skilled labor 60 per cent the electric rates in the corresponding period were advanced but 36 per cent, gas rates but 18 per cent; that while gross revenues increased during the years 1916 to 1919, 36 per cent, net revenue increased but 10 per cent.

The committee points out that it has been openly charged that the State Commission is fixing rates on a cost plus basis, and states that it finds that the facts in no wise justify such a conclusion; that the State Commission "does not in any sense 'guarantee' anything"; that in fixing a rate the commission proceeds to find "the fair value of the property of the utility used and useful in service of the public." That it then puts its

accountants to work "analyzing and checking up the operating expenses." It then "fixes a fair return on the value of the property and fixes the rate accordingly." Out of "that fair return must come interest on bonded indebtedness and borrowed money, amortization, and losses before dividends can be paid." If the "fair return happens to pay interest on the outstanding bonds and stock of the utility, the company is fortunate. Otherwise it is unfortunate. Whether or not that fair return will pay a dividend to the stockholders or interest on outstanding bonds is not taken into consideration by the commission."

The committee recognizes the fact that local intelligence concerning utilities ought to be utilized in a program of state control and it recommends that the State Commission have a representative in each community. The committee is outspoken in its advocacy of control by a central state body, because of "the utter impossibility of the general run of municipalities being able to fix a fair return, owing to the lack of proper facilities for determining that fair return." The report points out that very little of the property of many of the utilities is to be found in any one municipality, and thus if local authorities are in control there is "danger of politics entering into the question to the exclusion of fairness."

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Labor

The United States Railroad Labor Board (Chicago) has issued *Rules for Reporting Information on Labor Employees, Together with a Classification and Index of Steam Railroad Occupations* (pp. 320). It is stated that this classification will serve as a basis for establishing a uniform terminology and a general understanding of the classes of positions on American railroads.

The Federal Bureau of Labor Statistics has issued the following bulletins:

- No. 278, *Wages and Hours of Labor in the Boot and Shoe Industry: 1907-1920* (Washington, 1921, pp. 177).
- No. 279, *Hours and Earnings in Anthracite and Bituminous Coal Mining* (April, 1921, pp. 114). The statistics for anthracite relate to the years 1919 and 1920, and for bituminous to the year 1919.
- No. 280, *Industrial Poisoning in Making Coal-Tar Dyes and Dye Intermediates*, by Dr. Alice Hamilton (April, 1921, pp. 87).
- No. 283, *History of the Shipbuilding Labor Adjustment Board, 1917 to 1919*, by W. E. Hotchkiss and H. R. Seager (May, 1921, pp. 107).

The Women's Bureau of the United States Department of Labor has is-

sued Bulletin No. 15, entitled *Some Effects of Legislation Limiting Hours of Work for Women* (Washington, 1921, pp. 26).

The Federal Bureau of Mines has published Technical Papers 275, 280, and 288, by W. W. Adams, entitled respectively *Quarry Accidents in the United States During the Calendar Year 1919* (Washington, 1921, pp. 66); *Accidents at Metallurgical Works in the United States During 1919* (pp. 21); and *Coal Mine Fatalities in the United States in 1920* (pp. 112).

The following documents relating to labor have been received:

Seventeenth Biennial Report of the Colorado Bureau of Labor Statistics, 1919-1920 (Denver, 1920, pp. 61).

Thirty-seventh Annual Report of the Department of Labor of Michigan (Lansing, 1920, pp. 545).

Seventeenth Biennial Report, Labor and Compensation, 1919-1920, Nebraska (Lincoln, 1920, pp. 96).

Thirteenth Biennial Report of the Bureau of Labor, New Hampshire, for the Fiscal Period Ended August 31, 1920 (Concord, 1920, pp. 192).

Annual Report of the Department of Labor and Industries of Massachusetts for the Year Ending November 30, 1920 (Boston, pp. 132).

Annual Report of the Statistics of Labor for the Year Ending November 30, 1920, by the Department of Labor and Industries, Massachusetts (Boston, pp. 68, 146, 72).

Ninth Biennial Report of the Bureau of Labor of Oregon (Salem, pp. 117).

Labor Laws of the State of Wisconsin and Orders of the Industrial Commission (Madison, 1920, pp. 341).

Seventh Annual Report of the Industrial Accident Board, Massachusetts (Boston, 1920, pp. 188).

Money, Prices, Credit, and Banking

REPORT OF THE MASSACHUSETTS SPECIAL COMMISSION ON THE NECESSARIES OF LIFE (1921. Pp. 125). This is a valuable study of the relative cost of living in Massachusetts by months, from 1910 to 1920 inclusive. The investigation covered most of the cities of the state and is undoubtedly the most thorough regional study of the cost of living that has been made. The commission used the same percentage weights for food, clothing, shelter, fuel, and sundries that are used by the National Industrial Conference Board; namely, the average of six budgetary studies. The food index was composed of the relative retail prices of thirty-seven food commodities weighted according to the 1901 budgetary study of the United States Bureau of Labor for the North Central States. This 1901 weighting scale was not only used by the Food Administration during the war but was found to be approximately accurate from separate investigations made by the commission itself. The clothing items are weighted in a manner that seems accu-

rate but for which the source is not given, as is also the case with fuel and sundries. Presumably the commission based these weights largely upon an investigation of its own, although this is not explicitly stated. The housing index is based upon a wide variety of houses throughout the state. The movement of the cost of living from 1913 on is shown by the following table:

TABLE 1.—RELATIVE COST OF LIVING, 1918—1920
(1918 = 100)

	1913	1914	1915	1916	1917	1918	1919	1920
Jan.	94.9	101.8	102.9	105.7	119.6	144.6	167.5	192.0
Feb.	94.2	101.8	102.1	106.8	121.1	147.0	164.7	190.8
Mar.	99.2	101.6	101.0	106.7	122.7	145.7	164.7	108.4
Apr.	99.6	100.4	101.0	108.2	125.8	145.9	167.0	196.3
May	99.4	100.1	101.5	108.7	127.5	148.7	169.1	200.8
June	100.8	100.6	101.4	110.8	131.0	152.4	170.8	199.7
July	100.8	102.1	101.7	109.9	129.3	155.1	171.5	202.6
Aug.	100.6	103.1	101.4	110.1	130.0	157.6	174.6	198.5
Sept.	100.2	103.8	102.2	112.1	133.1	161.3	173.1	200.1
Oct.	101.0	104.1	103.2	118.6	137.1	164.2	179.0	194.9
Nov.	101.0	108.2	108.9	116.2	188.2	165.0	184.5	191.3
Dec.	100.8	102.7	108.5	117.5	139.6	166.1	184.7	183.9

Reduced to a December 1914 basis this was a 15.6 per cent less increase for June 1920 than the figures of the United States Bureau of Labor Statistics for Boston alone and an 18.4 per cent smaller increase for December 1920.

A comparison of the relative increases of the various major items throws much light upon the question of the correspondence between the general price level and that of specific groups of prices.

TABLE 2.—RELATIVE PRICE MOVEMENT OF DIFFERENT GROUPS OF COMMODITIES, 1913-1920
(1913 = 100)

This indicates a great disparity in the price movements of the various items. Thus by July, 1918, shelter had increased only 8.2 per cent over its 1913 base, while food had increased 65.2 per cent, clothing 101.2 per cent and the total cost of living 55.1 per cent. By January 1920 food had increased 100.9 per cent, clothing 186.2 per cent, and the total cost of living 92 per cent, whereas shelter had risen only 31 per cent. Shelter rose rapidly in the latter part of 1920—while the prices of food and clothing fell rapidly in the same period. Due to this smaller increase in rents for Massachusetts, the index of food prices exceeds the cost of living index by from ten to fifteen points throughout the period of price increase. The rapid fall in food prices, however, left their index at the close of 1920 slightly below the cost of living index. It is probable, however, that the increase in rents was much less in Massachusetts than in the rest of the country, and that therefore food prices would be a more accurate index of the general cost of living elsewhere than they were in Massachusetts. This is largely due to the fact that there was in that state a considerable "oversupply" of houses at the beginning of the war due to the housing boom of the earlier years. This naturally served both to retard and lessen the increase in rents. Despite the relatively little building during the last three years, the total number of dwellings in Massachusetts increased 19.2 per cent during the decade 1910-1920, while the population increased only 14.6 per cent. The reports of an actual housing shortage therefore do not seem to square with the facts in so far as Massachusetts is concerned. It is interesting to note that in many communities where the population actually decreased and the number of dwellings increased, rents nevertheless rose generally.

The study is distinctly useful and it is to be hoped both that Massachusetts will continue it and that other sections of the country will initiate investigations of their own. That economic research comes high, however, is indicated by the fact that the commission making this report spent nearly \$40,000—most of which was apparently for this investigation.

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A REPORT OF THE COMMITTEE ON RURAL CREDITS has been issued by the Ontario Department of Agriculture, dated November, 1920 (pp. 46). The report is signed by W. T. Jackman, Thomas MacMillan and M. H. Staples, who have evidently spent some time and effort to good advantage in investigating the problem of rural credits for the Province of Ontario.

In general, the committee discusses the use and importance of credit both to the business man and the farmer. It explains the use of both short-time and long-time credit and indicates the inadequacy of the present credit facilities. This inadequacy lies, first, in the fact that Canadian and other banks are organized to serve commercial rather than agricultural interests

and, second, that the period of commercial short-time loans is entirely too short for the farmer who must have at least six months credit. Long-time credit is inadequate in that it is entirely unorganized and that there is an altogether insufficient amount of funds for long-time investment in parts of the province.

The report reviews the situation in other countries and indicates how European as well as American states have solved the problems both of short-time and long-time loans to farmers. The Manitoba acts of 1917 are examined with care and it is plain that the committee favors legislation very much along the lines pursued in her sister province.

Their recommendations following the Manitoba plan are as follows: (1) the creation of the new institution for furnishing short-time advances to farmers, the funds to be obtained largely from the savings of farmers as a class. They advocate the payment of interest on savings at the rate of 4 per cent, the savings being guaranteed by the provincial government. The savings institution would be located in Toronto. (2) The organization of rural credit societies throughout the province by farmer share-holders who would hold all the stock of the society. These societies would be managed by a board of nine members, six to be chosen by the farmers and the other three by organizations or associations "best calculated to understand and promote the welfare of the agricultural interests." The method of distributing the funds from the central association to the locals is not thoroughly worked out but it is suggested that it might be done through one or more of the chartered banks in Toronto.

For mortgage credits the committee proposes the organization of the land mortgage bank with a capital stock of \$500,000 subscribed and taken by farmers. The operation of the bank follows in general the lines of the federal land banks of the United States except that the short-term credit societies will, in Ontario, take the place of the farm loan association of the United States.

In all instances the committee discourages government enterprise or participation in the rural credit scheme except, perhaps, in the inauguration of the mortgage bank. They feel that both short and long-term credit associations for farmers should be in the farmers' hands and should not be subsidized by the government.

The only novel provision in the committee's recommendation is the co-operation between the long-term and short-term credit institutions. The committee believes that the problems are similar in character and that overhead organization will be minimized if the one institution joins hands with the other. On the whole the report is very well written and is an excellent summary of the rural credit situation.

ALEXANDER E. CANCE.

The following documents relate to banking:

Seventh Annual Report of the Federal Reserve Board, covering operations for the year 1920 (Washington, 1921, pp. 639). This contains the several reports of the twelve federal reserve banks.

Annual Report of the Superintendent of Banks of Alabama for the Fiscal Year Ending September 30, 1920 (Montgomery, pp. 136).

Thirty-first Annual Report of the Commissioner of the Banking Department of Michigan, 1919 (Lansing, 1920, pp. 677).

Annual Report of the Superintendent of Banks of New York, Relative to the Savings and Loan Associations, Land Bank of the State of New York and Credit Unions, for 1919 (Albany, 1920, pp. 630).

Annual Report of the Treasurer and State Bank Examiner of Georgia, 1919 (Atlanta, pp. 256).

Public Finance

The following state documents on taxation have recently appeared:

First Annual Report of the Tax Commission of Illinois (Springfield, March 1, 1920, pp. 224).

Seventh Report to the Legislature by the Tax Commission of Kansas (Topeka, January 11, 1921, pp. 55).

Seventh Biennial Report of the Minnesota Tax Commission (St. Paul, 1920, pp. 272).

Report of the Special Revenue Commission to the Governor of New Mexico (Santa Fe, November 28, 1920, pp. 324).

Report of Hearings of the New Mexico Special Revenue Commission held at Santa Fe, August, 1920 (pp. 204).

Sixth Annual Report of the South Carolina Tax Commission for 1920 (Columbia, pp. 120).

The Annual Report of the Tax Commission of South Dakota, 1919-1920 (Pierre, pp. 115).

Twelfth Annual Report of the Tax Commissioner of Texas for 1920 (Austin, pp. 118).

Bulletin No. 28, Taxation of Inheritances in Virginia (Richmond, State Tax Board, 1920, pp. 84).

Law Relating to Income Tax, Delaware, published by authority of George M. Fisher, state treasurer (Dover, 1920, pp. 17).

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Theory

(Abstracts by Walton H. Hamilton)

BALLENTINE, A. A. *Corporate personality and income taxation.* Harvard Law Rev., Apr., 1921. Pp. 19. A study, in terms of the problem of income taxation, of the difficulties of public control incident to the legal conception of a corporation as a personalized entity.

BERNARD, L. L. *The misuse of instinct in the social sciences.* Psych. Rev., Mar., 1921. Pp. 14. "The future control of the human race and its civilization lie not through selective breeding of the higher social qualities . . . but through their transmission by social contact and control. The overwhelming pressures upon the character-forming process . . . come from the accumulated social environment."

BODENHAFER, W. B. *The comparative rôle of the group concept in Ward's "Dynamic Sociology" and contemporary American sociology.* Am. Journ. Soc., May, 1921. Pp. 28. A "contrast between a pioneer social science, without a social psychology, and a later social science, with a more or less adequate social psychology." An incidental discussion of the individualistic assumptions of the courts.

CANNAN, E. *Early history of the term "capital."* Quart. Journ. Econ., May, 1921. Pp. 13. An account of the several uses to which the term capital was put in pre-industrial and early industrial society.

COLLINGSWOOD, R. H. *Croce's "Philosophy of History."* Hibbard Journ., Jan., 1921. Pp. 16. A criticism of the thesis that "all is progress; 'every change is a change from the good to the better.' There is no such thing as decadence; what appears to be so is really progress, if only you look at it from the right point of view."

DAWSON, C. *On the development of sociology in relation to the theory of progress.* Sociol. Rev., Apr., 1921. Pp. 19. "In the militant world-state of Islam, in the pacific social culture of China, in the free communion of the Hellenic cities, and in the life of mediaeval Christendom with its common spiritual unity and its infinite diversity of local and civic forms, we may find not only more instruction, but more inspiration for the future of our civilization than in all the Utopias that philosophers and poets have ever dreamed."

ELY, R. T. *Luck and chance in success and failure.* Administration, May, 1921. Pp. 8. A running survey of the "relative rôles played by conjecture and economic merit in economic success or relationship between conjecture and economic demerit in economic failure."

GAINFORD, L. *The coal problem.* Contemp. Rev., June, 1921. Pp. 7. A plea against a pooling of wages on the grounds of expediency and natural economic law.

GARRETT, G. *The wage curve.* New Repub., June 22, 1921. Pp. 3. "The problem of business is not how to liquidate wages, but how to liquidate labor costs, which may be done by increasing the use and efficiency of high-power tools, by improving its methods of production and distribution, and by eliminating innumerable forms of gross economic waste."

HUXLEY, J. *The inheritance of modifications*. Nation and Athenaeum, Feb. 26, 1921. Pp. 3. "The evidence . . . points . . . to the complete . . . non-inheritance of modifications. . . . In spite of generations of bad sanitation, over-work, disease, and illiteracy, the germ-plasm securely locked away within the body's transitory casket, possesses the power of budding out individuals capable of the fullest development, both physical and mental."

JOHNS, C. D. *The relation of economics to history*. Southwestern Pol. Sci. Quart., Mar., 1921. Pp. 8. "Little is to be gained . . . in attempting to restrict the subject-matter of either within too narrow limits."

KANTOR, J. R. *A tentative analysis of the primary data of psychology*. Journ. of Phil., May 12, 1921. Pp. 16. An interesting and valuable epitome of the "new psychology" by a behaviorist.

KING, W. I. *Earned and unearned income*. Ann. Am. Acad., May, 1921. Pp. 8. "The attempt to divide incomes into categories designated as 'earned' and 'unearned' seems to serve no practical purpose. . . . This classification appears to have been devised . . . in an effort to stigmatise the institution of private property."

KLEENE, G. A. *Liefmann's Grundsätze der Volkswirtschaftslehre*. Quart. Journ. Econ., May, 1921. Pp. 8. An appraisal of a reputed departure from established theory. "On the whole there is little reward for the pain-cost of going through its fifteen hundred pages."

KNIGHT, F. H. *Cost of production and price over long and short periods*. Journ. Pol. Econ., Apr., 1921. Pp. 32. "Decreasing cost with increasing output is a condition incompatible with stable competition in the industry."

LEDERER, E. *Social evolution during war and revolution*. Pol. Sci. Quart., Mar., 1921. Pp. 21. "The whole world is shown to be one united territory in an economic sense. As a whole it has entered into a social evolution which human power may perhaps be too weak to check."

LYND, R. *The animal called man*. New Statesman, Apr. 23, 1921. Pp. 2. A review of Graham Wallas' *The Social Heritage*.

MALINOWSKI, B. *The primitive economics of the Trobriand Islanders*. Econ. Journ., Mar., 1921. Pp. 16. "The analysis of the natives' own economic conceptions of value, ownership, equivalence, commercial honor and morals opens a new vista of economic research."

MOORE, H. L. *Generating cycles of products and prices*. Quart. Journ. Econ., Feb., 1921. Pp. 25. "The major features of economic cycles are traceable to three primary laws: (1) the law of the generating cycle of raw materials . . .; (2) the law of demand for raw materials . . .; and (3) the law of competitive price . . ." A correlation of crop yields and crop prices.

MUSCIO, B. *Psychology as behaviorism*. Monist, Apr., 1921. Pp. 20. A protest against Watson's narrowing of the province of psychology to behaviorism.

NORTHCOTT, C. H. *A science of society*. Edinburgh Rev., Apr., 1921. Pp. 16. "The younger generation of sociologists, trained in the statistics of correlation as well as in the special social sciences, are hopeful of establishing . . . definite tendencies among social phenomena from which revision may become increasingly possible."

RUSSELL, B. *Industry in undeveloped countries*. Atlantic, June, 1921. Pp. 19. "The development of industrially backward countries is in no degree desirable, but it is unavoidable. . . . If it is done by foreign nations, it involves oppression. . . . If it is done by the backward nation itself, it involves a very intense militarism. It is probably better done communistically" than capitalistically.

RYAN, J. A. *The proper functions of the state*. Catholic World, May, 1921. Pp. 12. "The object of civil legislation is the national welfare of the community and of its individual members; in order that they may live in peace and justice, with a sufficiency of those goods which are necessary for physical conservation and comfort, and with those moral conditions which are required for private well-being and public prosperity."—Suarez.

SELLARS, R. W. *The requisites of an adequate naturalism*. Monist, Apr., 1921. Pp. 22. The older naturalism was dominated "almost entirely by the exact sciences with their stress upon quantities." It was non-evolutionary. It "did not enough recognize the reality of mind and of those human organizations and events for which mind is pivotal." "An adequate naturalism must reckon without condescension with biology, psychology, and sociology."

SHADWELL, A. *Capitalism, III*. Edinburgh Rev., Apr., 1921. Pp. 16. "The distribution of wealth goes far more by the value of services rendered, in the estimation of the community, and is therefore less unjust than appears on the surface. The great gains do not go to the capitalists as such. They go to the mental capital thrown into the enterprise."

SHELDON, W. H. *Professor Dewey, the protagonist of democracy*. Journ. of Phil., June 9, 1921. Pp. 11. "All the emphasis of democracy today, and of Professor Dewey, its protagonist, . . . is actually in favor of the lower, material needs, the judgment of the masses, the standards of the unskilled. It will if unchecked tend to bring humanity down to the level of its least developed members, and is thus directly against progress."

SPERANZA, G. *The newest freedom*. Hibbard Journ., Apr., 1921. Pp. 7. "All the inventions and discoveries of our times have not changed and cannot change human nature." There is "deep within the consciousness of us all . . . an apprehension lest the multiplication of things, manufactured things, should suddenly overwhelm us and our whole life."

SPLAWN, W. M. W. *A review of the minimum wage theory and practice*. Southwestern Pol. Sci. Quart., Mar., 1921. Pp. 33. A "review of the theory of the minimum wage," "a short account of how it has operated in other states," and a detailed study of its operation in Texas.

SWINNY, S. H. *The sociological schools of Comte and Leplay*. Sociol. Rev., Apr., 1921. Pp. 7. "Comte's aim was social progress and Leplay's social peace. . . . Comte was a republican, an ardent champion of the workers. . . . Leplay was a conservative . . . yet with a deep sympathy for the people. . . . The one was a man of towered cities with their great traditions of civilization, the other of the countryside with its simple pieties."

TAUSSIG, F. W. *Is market price determinate?* Quart. Journ. Econ., May, 1921. Pp. 18. "In a host of transactions it is doubtful whether there can be said to be in any accurate sense an equilibrium of demand and supply." Economic inquiry must give attention to variations as well as to general tendencies.

TAWNEY, R. H. *The coal problem*. Contemp. Rev., June, 1921. Pp. 11. "The assumption sedulously fostered by the mine owners and the government is that, as long as the mine-owners are allowed to make what money they can out of the industry, it will be conducted with economy and efficiency. That assumption has an overwhelming mass of evidence against it."

TUFTS, J. H. *Judicial law making exemplified in industrial arbitration*. Columbia Law Rev., May, 1921. Pp. 11. An account of the development of the principles underlying the decisions of the Hart, Schaffner, and Marx court of arbitration; a statement of the problem of giving a content to the terms "fair wages" and "fair profits."

USHER, A. P. *Justice and poverty*. Am. Journ. of Soc., May, 1921. Pp. 16. "The life of the slum is dominated by the grim necessity for rearing large families as a provision for old age." Even if poverty cannot be abolished it need not be a condition of abject misery unrelieved by prospects of ultimate achievement of a decent standard of living."

WILLIAMS, L. H. *Prince Kropotkin's philosophy in the light of today*. Hibbard Journ., April, 1921. Pp. 8. "Kropotkin idealizes 'the people'—the common, inconspicuous, lazy, long-suffering, unlovely people. The people have not originated ideas. But they have been the first to take action upon such ideas as gripped their hearts."

YOUNG, H. *The disintegration of liberalism*. Contemp. Rev., April, 1921. Pp. 7. "Before the war traditional liberalism never had any constructive theory of its own as to the manner in which productive toil ought to be organized, or the proportions in which its produce ought to be enjoyed." It took refuge in *laissez faire*, a policy which can no longer be even moderately successful. "It must equip itself with a theory and a program as to industrial organization and the relations of capital and labor."

The status of capital. New Statesman, April 30, 1921. Pp. 2. A consideration, in terms of the coal industry, of the validity of the theory of profits as a reward for "the risks of industrial enterprise."

Economic History (United States)

(Abstracts by Amelia C. Ford)

BRADLEE, F. B. C. *The Boston and Maine Railroad*. Essex Inst. Hist. Collections, Oct., 1920. Pp. 24. Sketches the history of this railroad. Continued in the January and April numbers.

BUTTS, R. Q. *The Quick family in America*. Indiana Mag. of Hist., Mar., 1921. Pp. 32. Contains material as to land prices, methods of farming, transportation, and living conditions, in pioneer days in Indiana.

HITCHCOCK, C. N. "The Brass Check": a study of American journalism, by Upton Sinclair. Journ. Pol. Econ., Apr., 1921. Pp. 13. Analyzes the problem of journalism; considers Mr. Sinclair's book is wrong in emphasis and inadequate in the reform proposed; suggests as an alternative the gradual creation of a real journalistic professionalism, similar to that in medicine and law, to solve the problem of technique; as this is developed, the problem of control would become progressively less pressing.

JOHNSON, C. R. *The struggle in North Dakota*. New Repub., Mar. 9, 1921. Pp. 3.

Summarizes the events in the fight for control between the Nonpartisan League and its opponents since November, 1920, giving arguments and plans of both sides.

KOHT, H. *Die neueste Sozialpolitik in North Dakota*. Archiv f. d. Geschichte des Sozialismus, IX Jahrg., 2-3 Heft, 1921. Pp. 12. A sympathetic account of the origin and achievements of the Nonpartisan movement in North Dakota.

MORRIS, O. S. *What is happening in North Dakota?* Nation, Mar. 9, 1921. Pp. 3. Describes the bitter struggle last winter between the Bank of North Dakota and its opponents, and the present situation.

PUTNAM, G. G. *Salem vessels and their voyages*. Essex Inst. Hist. Collections, Apr., 1921. Pp. 24. A journalistic account of various deep-water voyages made by Salem-built ships.

SCHMIDT, L. B. *The internal grain trade of the United States, 1860-1890*. Iowa Journ. of Hist. and Pol., Apr., 1921. Pp. 50. "Shows the extent to which the manufacturing-commercial East and the cotton-growing South had by 1890 given way to the food-producing West in the production of grain, thus illustrating that territorial division of labor upon which the growing volume of internal trade depended."

SCHULTZE, E. *Die amerikanische Automobil-Industrie*. Zeits. f. Sozialwis., Sept.-Oct., 1920.

—. *Die weltwirtschaftliche Uebermacht der Vereinigten Staaten*. Blätter f. Vergleichende Rechtswis., Jan.-Mar., 1921. Pp. 11. Outlines the financial growth of the United States, with especial discussion of the situation during and since the war.

Alaska, America's greatest territorial possession, and its opportunities. The Americas, Apr., 1921. Pp. 7. Describes Alaska's present development and future possibilities in regard to natural resources, trade, and the tourist business. Illustrated.

Book of Terre Haute, 1921. Pp. 20. This is published by the Chamber of Commerce and sets forth the commercial condition and prospects of that city.

Documents relating to a proposed Swiss and German colony in the western part of Virginia (1730). Va. Mag. of Hist. and Biog., Apr., 1921. Pp. 8. Gives the economic reasons why such a colony should be established in the Mississippi valley.

Publications of the Nebraska State Historical Society. Vol. XIX, 1919. Pp. 357. Devoted to the early history of the state; contains five papers dealing with early settlers and settlements and two on the Swedes and Bohemians in Nebraska.

State Historical Society of Iowa Publications. The Palimpsest, Jan., 1921. Contains an article on early cabins in Iowa. Feb., 1921. Devoted to roads under the titles: "The old military road," "Phantoms on the old road," "Along the military road."

Economic History (Foreign)

BARKER, J. E. *Coal, the Empire's life*. United Empire, May, 1921.

BIANCHI, J. *Present economic conditions in Guatemala*. Econ. World, Apr. 16, 1921.

BOISSONNADE, P. *Le mouvement commercial entre la France et les îles Britanniques au XVI^e siècle.* Rev. Historique, July-Aug., 1920.

BUER, M. C. *Depression after Napoleonic Wars.* *Economica*, May, 1921.

CARLI, F. *The control of industry in Italy.* *Econ. Journ.*, June, 1921.

CIHÁK, G. *La legislazione sociale nella Ceco-Slovacchia dopo la guerra.* *Rev. Intern.*, Apr., 1921. Pp. 8.

DUNCALF, F. *The peasant's crusade.* *Am. Hist. Rev.*, Apr., 1921. Pp. 15.

FEIS, H. *The industrial situation in Great Britain from the armistice to the beginning of 1921.* *Am. Econ. Rev.*, June, 1921. Pp. 16.

FUNCK, B. *Die staatlichen und wirtschaftlichen Aussichten des Zionismus.* *Koloniale Rundschau*, Apr., 1920.

GESTALDIO. *Die Sozialisierung des Kohlenbergbaues. Ein Vortrag.* Schmollers Jahrb., Heft 1, 1921.

GRÜNBERG, C. *Die Kommunistische Zeitschrift und andere Urkunden aus den Jahren 1847-1848.* Archiv f. d. Geschichte des Sozialismus, IX Jahrg., 2-3 Heft, 1921.

HALPHEN, L. *L'agriculture et la propriété rurale dans l'empire carolingien.* *Rev. Hist.*, Sept.-Oct., 1920.

LEDERER, E. *Social evolution during war and revolution.* *Pol. Sci. Quart.*, Mar., 1921.

MEY, C. V. *Felipe II y el problema económico Espanol.* *Rev. Nacional de Economía*, IX, 28, 1921.

PEZET, F. A. *The present economic conditions in Peru.* *Econ. World*, Apr. 9, 1921.

PORTE, M. *L'industrie hydro-électrique en France.* *Rev. d'Econ. Pol.*, Mar.-Apr., 1921.

RICOL. *Le réforme du partage successoral.* Réf. Soc., May, 1921.

ROSTOVITZEFF, M. *The foundation of social and economic life in Egypt in hellenistic times.* *Journ. of Egyptian Arch.*, July, 1920.

SINGH, S. N. *The Indian economic conference.* *Wealth of India*, Mar., 1921.

Economic relations of Poland. *Commerce Mo.*, June, 1921.

The economic resources and relations of Poland. *Econ. World*, June 1921.

La gestion económica del Estado en el último sexenio. *Rev. Nacional de Economía*, IX, 28, 1921.

The international financial conference at Brussels and its lessons. Round Table, Dec., 1920.

Sweden. *Mag. of Wall Street*, Apr. 30, 1921.

Ueberblick über die Organisationsentwicklung in Industrie und Handel. *Kartell-Rundschau*, Heft 4, 1921.

Agricultural Economics

(Abstracts by A. J. Dadisman)

ARCROWSKI, H. *Agriculture and landownership in Poland.* *Geog. Rev.*, Apr., 1921. Pp. 11. The needs for agrarian reform and provision of the Land-Reform bill of 1920 are given. Nine maps and four tables.

CARRARA, G. *La riforma dei contratti agrari*. Riv. Intern., Mar.-Apr., 1921. Pp. 11. A study of the parliamentary problem of reforming agrarian contracts in Italy. The contracts themselves are reviewed and their advantages and shortcomings set forth.

COOPER, M. R. and WASHBURN, R. S. *Cost of producing wheat*. U. S. Dept. Agri. Bull. 948, Apr., 1921. Pp. 59. A detailed study of the costs of wheat production on 481 farms in six wheat producing states.

HIBBARD, B. H. and BLACK, J. D. *Farm leasing systems in Wisconsin*. Wis. Sta. Research Bull. 47, Oct., 1920. Pp. 60. A detailed study of the lease contracts used in Wisconsin. Business summaries of different systems are given. Eleven tables and three figures.

HOBSON, A. *Farmers' coöperative associations*. Am. Econ. Rev., June, 1921. Pp. 6.

MACKLIN, T. *Marketing by federations*. Wis. Sta. Bull. 892, Dec., 1920. Pp. 24. A study of the Wisconsin cheese federation, with articles of incorporation and by-laws appended.

MACKLIN, T. *Coöperation applied to marketing by Kansas farmers*. Kan. Sta. Bull. 224, Oct., 1920. Pp. 61. A discussion of principles of coöperative marketing from data from 204 organizations. Statistics of coöperation and methods of organization are given. Fourteen tables.

MARSH, A. R. *The relation of future contracts on the cotton exchanges to the American cotton industry*. Econ. World, June 4, 1921. Pp. 4. An argument in favor of future contracts on cotton exchanges.

MEAD, E. *How California is helping people own farms and rural homes*. Cal. Sta. Bull. 221, Aug., 1920. Pp. 28. The circular gives advantages, progress, and general conditions of land settlement. Durham and Delhi settlements are described.

McCONNEL, J. W. *Cotton growing in the empire*. United Empire, Apr., 1921. Pp. 18. The importance of cotton, and methods and possibilities of increasing its production.

McKERROW, H. B. *Cotton growing within the Empire*. United Empire, June, 1921. Pp. 4. The present situation and suggestions for improvement of cotton production in Africa.

POWELL, G. H. *Fundamental principles of coöperation in agriculture*. Cal. Sta. Cir. 222, Oct., 1920. Pp. 24. A consideration of several basic principles.

STE. MARIE, J. A. *Farm business in Quebec*. Dom. of Can. Dept. of Agr. Bull. 96, Mar., 1920. Pp. 16. A study of the farm business from survey records on 149 farms from 6 counties in Quebec. Five tables and three charts.

WINKENWERDER, H. *Forest resources and problems of the Pacific Coast*. Pacific Rev., June, 1921. Pp. 13. A plea for immediate protection, investigation, education and legislation to conserve the rapidly decreasing forests. Statistical data showing acreage and production are presented.

—. *Agricultural conditions and labour agreements in Denmark and Sweden*. Intern. Lab. Rev., Apr., 1921. Pp. 22. A detailed study of the importance of agriculture, size of holdings, agricultural population, including collective labor agreements, in the two countries.

—. *France: the reorganization of coöperative agriculture credit*. Intern.

Rev. Agri. Econ., Oct., 1920. Pp. 14. The organization of regional mutual agricultural credit banks and business done since 1921. Long, short and medium term loans are discussed.

—. *Germany: coöperative dairies during the war.* Intern. Rev. Agri. Econ., Nov., 1920. Pp. 18. The financial status and amount of business by co-operative dairies 1912-1918.

—. *Germany: agricultural coöperative societies for purchase and sale during the war.* Intern. Rev. Agri. Econ., Oct., 1921. Pp. 16. The development of coöperative societies since 1914, shown statistically in 17 tables.

—. *Germany: miscellaneous agricultural coöperative societies during the war.* Intern. Rev. Agri. Econ., Jan.-Feb., 1921. Pp. 10. Data are presented on the development, capitalization, work accomplished, and profits and losses of the societies. Four pages of tables.

—. *Great Britain and Ireland: profit sharing in agriculture.* Intern. Rev. Agri. Econ., Jan.-Feb., 1921. Pp. 22. A study of types of profit-sharing and the basic principles involved.

—. *The official and voluntary organization of agriculture.* Intern. Rev. Agri. Econ., Mar., 1921. Pp. 18. Types of agricultural organizations, their development and operation in Belgium.

Railways and Transportation

(Abstracts by Julius H. Parmelee)

AISHTON, R. H. *How railways are making economies.* Ry. Rev., May 21, 1921. Pp. 3. Summary of twelve points in the railway economy program, prepared by the president of the American Railway Association.

ALLIX, G. *Les résultats de 1920,—réseau d'Orléans.* Journ. des Trans., May 21, June 18, 1921. Pp. 4, 3.

BOECKEL, R. *Can freight rates come down?* Independent, May 21, 1921. Pp. 4. High rates tend toward decentralization of industry.

BUELL, D. C. *Educating the practical railroad men.* Proc. Pacific Ry. Club, Apr., 1921. Pp. 5.

BYRAM, H. E. *The situation of the railroads.* Milwaukee Employes' Mag., July, 1921. Pp. 5. Statement of president of C. M. & St. P. before Senate Committee.

CARDLER, C. M. *Public utility regulation in Georgia.* Railroad Herald, June, 1921. Pp. 4. By the chairman of the Georgia Railroad Commission.

COOK, C. C. *Piece-work, bonus systems, and higher efficiency.* Ry. Age, June 3, 1921. Pp. 2.

CUNNINGHAM, W. J. *The railroads under government operation.* Quart. Journ. Econ., Feb., 1921. Pp. 53. This first article in a series deals with results for 1918.

DAGGETT, S. *University education for the railroad man.* Proc. Pacific Ry. Club, Apr., 1921. Pp. 8. The college of economics.

DUNN, S. O. *What has happened to the railroads?* Am. Rev. of Rev., May, 1921. Pp. 5. Railway revenues, expenses, and traffic since the increase in rates.

ELLIOTT, H. *Reducing the railroads' waste line.* Traffic Club Bull., May, 1921. Pp. 3.

EMERSON, H. *How material costs affect railway income.* Ry. Rev., June 4, 1921. Pp. 4. Based on equated locomotive day, and illustrated with charts.

_____. *A radical analysis of railway operations.* Ry. Rev., May 14, 1921. Pp. 7. Railway performance reduced to the average per equated, or normal, locomotive day basis.

FISH, J. C. L. *University education for the railroad man.* Proc. Pacific Ry. Club, Apr., 1921. Pp. 7. The engineering school.

GRAHAM, R. K. *Reclamation a by-product of the railway business.* Ry. Rev., June 4, 1921. Pp. 6. Scrap reclamation methods; illustrated.

HANSON, F. E. *How sincerely do railroads want college men?* Ry. Age, July 16, 1921. Pp. 2. Advocates broad policy of recruiting and training for railway work.

HEINECK, K. *Die europäischen Eisenbahnen und der Krieg.* Archiv f. Eisenbahnw., May-June, 1921. Pp. 42. Review of wartime administration of railways in central empires, allied countries, and neutral lands.

HUTCHINS, F. L. *A graphic study of federal and private railroad management.* Annalist, Apr. 25, 1921. Pp. 2.

_____. *An interesting study in railway efficiencies.* Ry. Rev., June 4, 1921. Pp. 3. Charts relating to tonnage, number of cars, loading, etc.

LAUT, A. C. *The only solvent railroad in North America.* Independent, June 18, 1921. Pp. 3. An interview with President Beatty of the Canadian Pacific.

LIESSE, A. *La journée de huit heures et les conditions du travail dans l'industrie des chemins de fer.* L'Econ. Franç., June 18, 1921. Pp. 3.

_____. *Le projet sur le nouveau régime des chemins de fer.* L'Econ. Franç., Apr. 16, 1921. Pp. 3.

LISMAN, F. J. *Remedies for wastes in railway operation.* Ry. Age, July 9, 1921. Pp. 5. Heavier loading, less accounting, greater labor efficiency, required.

MCCLELLAN, W. *The larger railroad problem.* Yale Rev., July, 1921. Pp. 14. Coördination of all forms of transportation; consolidation of railways; government guarantees.

MACDONALD, C. M. *Freight claims, their cause and prevention.* Proc. New Eng. R. R. Club, April 12, 1921. Pp. 10.

NEWLANDS, A. *The Scottish railways: a sketch of their growth and recent developments.* Ry. Gaz. (London), May 13-June 24, 1921. A series of seven articles.

PARMELEE, J. H. *Coal and the railway situation.* Coal Rev., May 18, 1921. Pp. 3. The relationship between coal movement and railway traffic and prosperity.

_____. *The cost of transportation in relation to other cost factors.* Ry. Age, May 6, 1921. Pp. 2. Trend of average receipts per ton mile compared with commodity index numbers since 1913.

PAYEN, E. *Les compagnies françaises de chemins de fer en 1920.* L'Econ. Franç., June 11, 25, 1921. Pp. 4, 3. I, Gross earnings. II, Expenses and the deficit.

_____. *Une grande compagnie de chemin de fer de 1883 à 1920.* L'Econ. Franç., June 4, 1921. Pp. 2. Historical review of the Réseau de L'Est.

PAYNE, J. L. *Government and private operation in Canada.* Ry. Age, July 15, 1921. Pp. 3. Comparison of results in 1919 for the Canadian National Railways and the Canadian Pacific.

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PLANT, L. G. *The organization of fuel economy.* Ry. Rev., May 28, 1921. Pp. 7.

POMERENE, A. *Our recent federal railroad legislation.* Am. Law Rev., May-June, 1921. Pp. 29. Analysis of the Transportation act.

REEVE, C. A. *The future of the railways.* Brokers' Mag. (London), Apr., 1921. Pp. 7. The railway problem in England.

RIGGS, E. G. *Motor trucks vs. railroads.* Forum, June, 1921. Pp. 10.

SPERRY, H. M. *The trend of railway earnings shown in charts.* Ry. Age, June 10, 1921. Pp. 3.

VON STEILER, K. *The German state railways.* Forum, May, 1921. Pp. 8.

THOM, A. P. *Reconstruction of transportation.* Forum, Dec., 1920. Pp. 10. Underlying principles of Transportation act.

WILLARD, D. *The railroads on a sound basis.* World's Work, June, 1921. Pp. 7. Steps leading to Transportation act of 1920.

WINGER, G. T. *What the railroads need.* Ry. Rev., May 7, 21, 1921. Pp. 4, 5.

Argentine railway results. Statist, July 2, 1921. Pp. 2. Traffic and earnings, 1920-21.

The Railways bill, 1921. Ry. Gaz. (London), May 13, 1921. Pp. 2. Summary of proposed government bill for reorganizing and regulating the British railways.

Railways of the United States. Mod. Trans. (London), July 2, 1921. Pp. 2. Abstract from report on land transportation to Congress of International Chamber of Commerce at London.

Statistique des chemins de fer allemands, pour l'exercice, 1917-1919. Rev. Gen. des Chemins de Fer, Apr., 1921. Pp. 2. With statistical tables.

Die württembergischen Staatsbahnen in den Jahren 1917 und 1918. Archiv f. Eisenbahnw., May-June, 1921. Pp. 9.

Commerce

(Abstracts by Harry R. Tosdal)

BOYLE, J. E. *Marketing of agricultural products.* Am. Econ. Rev., June, 1921. Pp. 7.

CLARK, F. E. *Criteria of marketing-efficiency.* Am. Econ. Rev., June, 1921. Pp. 7.

CROHN-WOLFGANG, H. F. *Die baltischen Randstaaten und ihre handelspolitische Bedeutung.* Schmollers Jahrb., Heft 1, 1921. A study of conditions in the Baltic states and their commercial relations, particularly with Germany.

GLINES, F. S. *China trade.* Stone & Webster Journ., June, 1921. Pp. 7. Suggests that increased trade with China should be based upon development of industrials and public utilities.

HOBSON, C. K. *Measurement of the balance of trade.* Economica, May, 1921. Pp.

15. Attempts to apply various methods to estimate of "invisible" items affecting trade balance of Great Britain.

JOSHI, R. M. *India and imperial preference.* Journ. Indian Econ. Soc., Dec., 1920. Pp. 12. Discussion regarding future financial policy to be adopted by the new Indian government, with special reference to imperial preference.

MAINTI, A. D. *Organización internacional del comercio.* Rev. de Econ. Argentina, Feb.-Mar., 1921. Pp. 26. Describes the organization and policies of the International Chamber of Commerce, the work of the first International Congress, and discusses the advisability of Argentina's entrance.

MILLER, W. L. *Government aid in foreign trade.* Pol. Sc. Quart., June, 1921. Pp. 15. Brief description of methods of foreign trade promotion as practiced by principal governments.

PARTINGTON, T. B. *British trade possibilities in China.* United Empire, May, 1921. Pp. 13. Chinese market "in regard to ordinary domestic needs should be and has every possibility of being four times the value of the United States and eight times that of the United Kingdom." Gives unduly optimistic description of opportunities for British trade.

PAYEN, E. *Le coton en 1920.* L'Econ. Franç., May 28, 1921. Pp. 2. Brief statistical analysis of 1920 cotton market.

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VAUGHAN, F. L. *Report on the grain trade.* Am. Econ. Rev., June, 1921. Pp. 5.

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YVES-GUYOT. *L'industrie et le commerce britanniques en 1920.* Journ. des Econ., Mar. 15, 1921. Pp. 19. Review of principal British industries and commerce in 1920; largely statistical.

Canada's trade with the United States and the rate of exchange between the two countries. Econ. World, Apr. 9, 1921. Pp. 2. Statistical survey of trade between United States and Canada over period of years. Canada carries on as much trade with the United States as with the rest of the world combined.

The trade of the United States with Latin America in 1920. Econ. World, Apr. 23, 1921. Pp. 4. Résumé of trade with Latin-America, by countries, during 1920. Trade with Latin-America increased 44 per cent over 1919, rising from 20 per cent to 25 per cent of total trade of the United States.

Trade with Holland and its colonies—opportunities offered by the Utrecht Fair. Americas, May, 1921. Pp. 8. Discussion of trade with Holland and its colonies as affected by the war.

Public Utilities

(Abstracts by Charles S. Morgan)

ARNOLD, B. J. *The relation of steam roads to rapid transit development.* Journ. Western Soc. Enggs., May, 1921. Pp. 3. There should be a better correlation

than there is at present of the rapid transit facilities furnished by steam roads with those furnished by other agencies.

Ashfield, Lord. *The problem of the fare.* Nineteenth Cent., June, 1921. Pp. 19. A searching analysis of the fare problem, particularly with reference to the relative merits of the flat and the differential fare. Each community presents its own problems; no one scheme of fares is possible.

Ballard, F. W. *A specific method for determining street lighting costs.* Amer. City, May, 1921. Pp. 2. Description of method developed by New York Public Service Commission in Elmira rate case. This method is held to be of general application.

Benedict, L. I. *Some recent judicial rulings as to the rate base.* Amer. Gas Assoc. Monthly, Feb., 1921. Pp. 3. A review of recent decisions in which the courts reaffirm their preference for present value, based on cost of reproduction, over investment or cost as basis of valuation.

Boyd, A. W. *Rent regulation under the police power.* Mich. Law Rev., Apr., 1921. Pp. 9. A critical review of recent legislation on this subject.

Buake, W. H. *Impairing and repairing street railway rates.* Stone & Webster Journ., June, 1921. Pp. 11. A review of familiar arguments pointing to the necessity of maintaining street railway rates at their present comparatively high level.

Douglas, P. H. *The Seattle municipal street-railway system.* Journ. Pol. Econ., June, 1921. Pp. 23. An interesting statement of the circumstances accompanying Seattle's adoption of municipal ownership of its street railways. Aside from the purchase price, which appears to have been excessive, reasonable success has attended this venture to date.

Fogg, O. W. *The gas situation today.* Amer. Gas Assoc. Monthly, May, 1921. Pp. 7. A good brief statement by the secretary of American Gas Association of the needs of the gas industry to-day.

E. C. G. *Public utility valuations and rates.* Mich. Law Rev., June, 1921. Pp. 4. The numerous cases here cited show tendency for commissions to rely principally on original cost or "prudent investment" as the basis of valuation, while the courts continue to attach greater weight to the cost of reproduction basis.

Inggersoll, R. V. *New York's new traction program.* Nat. Munic. Rev., June, 1921. Pp. 3. The new transit commission for New York City, while possessed of a much needed concentration of authority, is held not to be sufficiently representative of the city and its interests.

Kemp, A. N. *Tendencies in utility financing.* Elec. World, Apr. 30, 1921. Pp. 9. The large capital requirements of public utilities must be met principally from the sale of bonds.

Knowlton, A. E. *Railway valuation in Connecticut.* Elec. Ry. Journ., May 21, 28. Pp. 4, 9. Description of methods used in arriving at valuation of electric railway properties in Connecticut without the usual elaborate detail work.

Montgomery, H. L. *Effect of rates on service.* Gas Age, May 25, 1921. Pp. 4. A discussion of the use of the Doherty three part rate as a means of conserving the natural gas supply and of securing its most efficient utilization.

PHILLIPS, A. I. *Gas progress related to b. t. u's.* Gas Age, April 25, 1921. Pp. 4. A discussion of the technical problems involved in the future of the gas industry, with particular reference to the standards of service which it is thought desirable to maintain.

PERRY, J. A. *The public's interest in utility development.* Public Service Manag., July, 1921. Pp. 2. The public's interest demands a liberal treatment of utilities.

RHOADS, C. B. *The police power as a limitation upon the contractual right of public service corporations.* (Univ. of) Pa. Law Rev., May, 1921. P. 23. The contracts between public service corporations and the public and those between public service corporations, insofar as they involve the "general welfare," are subject to the exercise of the police power of the state. A still further broadening of this concept is predicted.

SEMENTZA, G. *Sul progetto di legge Bianchi per la socializzazione dell' industria elettrica.* Riv. di Pol. Econ., Jan., 1921.

SHAW, W. A. *Establishing rates for service rendered by public utilities by contract.* Amer. City, June, July, 1921. Pp. 3, 4. A review of Illinois cases which are held to have established the principle that a municipality can not by contract with a utility limit the state's control, through the police power, of rates charged.

SIMPSON, J. *Legal aspects of natural gas supply.* Gas Age, May 25, 1921. Pp. 3. Review of recent cases, particularly of those involving the distribution of the diminishing supply of natural gas.

THOMAS, E. H. *The Seattle municipal car lines.* Stone & Webster Journ., June, 1921. Pp. 4. The Seattle lines, after receiving a substantial increase in rate of fare and relief from taxes of various kinds, are now producing satisfactory results financially.

WILSON, J. *Water rates in small cities and villages.* Amer. City, May, 1921. Pp. 3. Need for more scientifically developed rate systems to secure a more equitable distribution of cost.

Atlanta waterworks a losing proposition. Public Service Manag., July, 1921. Pp. 4. One of numerous analyses of like purport.

Commission's powers widened. Elec. Ry. Journ., Apr., 80, 1921. P. 1. Recent legislation gives Minnesota Railroad and Warehouse Commission control over rates of electric railways and provides for optional indeterminate franchise. Cities retain control over service.

Extent of the constitutional right to a review of rate orders of public utilities commissions. Pa. Law Rev., Jan., 1921.

Features of the new Paris franchise. Elec. Ry. Journ., May 7, 1921. Pp. 3. An extended description of lease, not yet accepted by all parties in interest, under which the now publicly owned electric railways are to be operated by private agency. A guaranteed return to the lessee and a reward for increased business and for operating economies are provided.

Improved service to five hundred communities. Elec. World, May 28, 1921. Pp. 6. Interesting description of activities of one of the large syndicates in the utility field. Many inefficient plants have been abandoned and a grouping of the generating plants has been accomplished.

Method used in New Jersey valuation. Elec. Ry. Journ., Apr. 23, 1921. Pp. 4. A detailed account of the methods used by representatives of the New Jersey State Valuation Commission in determining the valuation of the properties of the Public Service Railway of New Jersey.

Publicity trail blazers. Amer. Gas Assoc. Monthly, June-July, 1921. Pp. 10. An account of the work of the state "committees on public utility information," agencies created by the utility companies to secure an effective general presentation of their case.

Rate changes—current list no. 45. Amer. Gas Assoc. Monthly, June-July, 1921. Pp. 5. One of a series of similar summaries, published at frequent intervals, of current changes in gas rates in American cities.

Service-at-cost results in Montreal. Elec. Ry. Journ., Apr. 23, 1921. P. 1. Condensed graphical representation of results obtained.

Utilities commission re-created. Elec. Ry. Journ., Apr. 23, 1921. P. 1. In order to expedite its work the Kansas Public Utilities Commission, whose functions were taken over by the Kansas Court of Industrial Relations, has been re-established.

Accounting

(Abstracts by Martin J. Shugrue)

BLOOR, W. F. *Value of graphics in an accounting system.* Journ. Account., June, 1921. Pp. 7.

BONBRIGHT, J. C. *Earning power as a basis of corporate capitalization.* Quart. Journ. Econ., May, 1921. Pp. 9. The object of this article is to show that a certain widely accepted principle of corporation finance—the principle that capitalization should be based on earning capacity rather than on actual cost—is not only unsound in theory but is also vicious in its practical application.

BRUNDAGE, P. F. *Distinctive features of cotton goods accounts.* Journ. Account., Apr., 1921. Pp. 8. Accounting requirements for the manufacture and conversion of cotton goods are distinctly different from those of other manufacturing businesses.

BAUNTON, J. *Depreciation and reserves.* Journ. Inst. Bankers, May, 1921. Pp. 4. Brief consideration of the problem of depreciation and reserves in connection with analyzing balance sheets from the viewpoint of an English banker.

DESCOTEUX, G. N. *Accounting for the nail and tack industry.* Journ. Account., May, 1921. Pp. 7. Describes the different departments of an actual plant and outlines the main features of the cost system.

GAREIS, A. L. *Foreign-exchange arbitrage in joint accounts.* Journ. Account., May, 1921. Pp. 7. Explains the bookkeeping necessary to take care of certain foreign exchange transactions and illustrates the material with forms and calculations.

HALE, R. L. *The "physical value" fallacy in rate cases.* Yale Law Journ., May, 1921. Pp. 22. A carefully prepared critical statement of the various valuation doctrines. Supplemented with numerous references and footnotes.

MACMAHON, A. G. *Accounting for a modern hotel.* Journ. Account., Apr. 1921. Pp. 9.

ORGUTT, B. S. *Overtax sales tax on commodities.* Journ. Account., May, 1921. Pp.

8. Points out reasons why a sales tax could be more easily administered than the present system and why it would have many other advantages. Answers many practical objections of opponents.

PEDIGO, D. E. *Branch accounting for packing industries*. Journ. Account., Apr., 1921. Pp. 7. A presentation of the accounting classification required for sales, purchases, operating expenses, assets and liabilities.

PUTNAM, G. E. *Joint cost in the packing industry*. Journ. Pol. Econ., Apr., 1921. Pp. 11. A report of the Federal Trade Commission on the meat packing industry condemns as unsound the cost methods of the packers. This article is the vigorous reply of a man connected with Swift & Company, Chicago.

RINTOUL, P. *Some notes for bank agents upon the examination of a balance sheet*. Scottish Bankers Mag., Apr., 1921. Pp. 15. Useful but not new generalizations and observations of a Scotch accountant.

ROOT, M. J. *Receivership accounting*. Journ. Account., Apr., 1921. Pp. 11.

THORNTON, F. W. *Some accounting anomalies of tax laws*. Journ. Account., June, 1921. Pp. 4. Considers some of the unexpected effects of the income tax and profits tax law that have not received general recognition, although they have led to unfortunate results in many cases.

TURTLE, G. R. *Accounting for crude petroleum producers*. Journ. Account., Apr., 1921. Pp. 9. Deals with the activities of the two principal classes of crude petroleum companies, namely those engaged in producing crude oil and those developing or prospecting oil lands.

WILLIAMS, C. B. *Treatment of overhead when production is below normal*. Journ. Account., May, 1921. Pp. 7. Proposes that overhead should be considered like investment in plant and equipment from the standpoint of a reasonably long period of time rather than from the standpoint of a single month or year. This involves distributing overhead expense upon the basis of normal production.

American Institute of Accountants, May examinations. Journ. Account., June, 1921. Pp. 16.

Translating a balance sheet into words of one syllable. Annalist, May 2, 1921. Pp. 2. An analytical key set of ratios which will facilitate the interpretation of financial statements. Shows three examples and compares various factors on a percentage basis for each of them.

Labor and Labor Organizations

(Abstracts by David A. McCabe)

ALTMAYER, A. J. *Industrial accident frequency in Wisconsin, 1915 to 1920*. Mo. Labor Rev., June, 1921. Pp. 6.

ANTONOPULO, H. D. *Notes sur la protection légale du travail des femmes*. Rev. de L'Institut Soc., Mar., 1921. Pp. 17. Labor legislation should be based much more on the principle of protection of the economic interests of the woman worker; the differentiation between the sexes should not be carried beyond the limits absolutely necessary for the protection of the function of maternity.

ASKWITH, LORD. *The International Labour Office*. Nineteenth Cent., June, 1921. Pp. 11. The methods of the office are bureaucratic rather than informative.

AVÉ-LALLEMANT, T. M. *The collectives labor contract.* Am. Econ. Rev., June, 1921. Pp. 15.

BAKER, B. *Catching up with "the soviet idea."* Weekly Rev., Apr. 30, 1921. Pp. 2. Unfavorable criticism of the price-fixing feature of the agreements made by the New York Engravers' local union and their employers.

BERNSTEIN, E. *The German Works Council act and its significance.* Intern. Lab. Rev., Feb., 1921. Pp. 13.

BLANSHARD, P. *The class struggle in a ball-room.* New Repub., May 4, 1921. Pp. 2. The arbitration proceedings in the Rochester clothing industry.

BRAMENÄS, C. V. *Fredens sociale Problemer.* Nat. Ok. Tids., No. 5, 6, 1920. Pp. 34. An analysis of the social problems after the war, particularly those concerned with labor.

BRUERE, R. W. *The new trend in labor.* New Repub., July 13, 1921. Pp. 3. Comment on resolutions adopted by the 1921 convention of the American Federation of Labor.

CARLI, F. *The control of industry in Italy.* Econ. Journ., June, 1921. Pp. 8. Results of the seizure of factories by the workers and the degree of participation in control now proposed.

CARPENTER, N. *William Benbow and the origin of the general strike.* Quart. Journ. Econ., May, 1921. Pp. 10. Largely biographical.

CHENERY, W. L. *Wage principles.* Survey, May 14, 1921. Pp. 2. The principle of the living wage is ignored in wage readjustments.

CLARK, L. D. *Federal labor legislation.* Mo. Labor Rev., Apr., 1921. Pp. 7.

COLE, G. D. H. *Labour organization from a labour point of view.* Outlook (London), May 21, 1921. Pp. 2. Solution of the labor problem depends upon labor equipping itself for the exercise of political power and the control of industry. A reply to *Industrial and political labour* by V. Fisher in issue of May 14.

COLLIS, E. L. *Industrial health: its value in public health service.* Intern. Journ. Public Health, Mar.-Apr., 1921. Pp. 17. Emphasizes need of investigation of the inter-relations of individual health and the functioning of labor in industry.

CORBINO, O. M. *Lo spirito anti-industriale in Italia.* Rif. Soc., Mar.-Apr., 1921. Pp. 16.

CROWTHER, S. *How to handle wage cuts.* System, May, 1921. Pp. 6. Based on a study of the policies of 76 employers; advocates paying labor always the same purchasing power for the same effort.

DALHOFF, J. *Krigsaarenes Lönpolitik.* Nat. Ok. Tids., No. 1, 1921. Pp. 37. A study of the Danish government's wage policy during the war and after.

DAVIS, J. J. *How to avoid strikes.* Am. Rev. Rev., July, 1921. Pp. 3. Plea for voluntary commissions for mediation and arbitration, by the Secretary of Labor.

FISHER, V. *Industrial and political labour.* Outlook (London), May 14, 1921. Pp. 2. The collapse of the triple alliance reveals that labor has little chance of acquiring political dominance in Great Britain.

FRANKEL, E. *Labor absenteeism.* Journ. Pol. Econ., June, 1921. Pp. 13. Measurement, extent, and suggested methods of reduction.

GAINSFORD, LORD, and TAWNEY, R. H. *The coal problem*. Contemp. Rev., June, 1921. Pp. 17. Statement of the owners' side in the British coal strike by one of them; followed by an unfavorable criticism of the policies of the owners and the government by Mr. Tawney.

GAY, E. F. *Is state intervention necessary to prevent unemployment?* Am. Lab. Legis. Rev., June, 1921. Pp. 6. Answers in the affirmative.

GLASER, A. *Industrial councils in Austria*. Charity Organ. Rev., May, 1921. Pp. 6. The workers' councils have been busied chiefly with wages and dismissals and have as yet secured little participation in the conduct of the business.

GOW, C. R. *The responsibility of organized labor for the stagnation in the building industry*. Stone & Webster Journ., Apr., 1921. Pp. 24. Instances of union restrictions which increase the cost of building.

GREEN, W. D. *The labour crisis: the labour party and the state*. Fortn. Rev., May, 1921. Pp. 8. Unfavorable criticism of the leadership of the labor party; it does not control the mass of English workingmen.

GREGORY, C. H. *The international labor organization of the League of Nations*. Am. Journ. Intern. Law, Jan., 1921. Pp. 9. Sees tendencies which would endanger our economic interests if the United States should enter.

HARGOOD, P. *Paternalism versus unionism in mining camps*. Nation, May 4, 1921. Pp. 2.

HAYNES, G. E. *The negro and the immigrant*. Survey, May 14, 1921. Pp. 9. The restriction of immigration will continue the movement toward the use and training of negro labor begun during the war.

HEWITT, E. P. *Trade union law and suggested amendments*. National Rev., June, 1921. Pp. 6. Would greatly curtail the rights of trade unions in British law.

HEWLETT, M. *The labour crisis: some misgivings*. Fortn. Rev., May, 1921. Pp. 6. Labor lacks civic, common and moral sense.

HUGGINS, W. L. *A few of the fundamentals of the Kansas Industrial Court act*. Journ. Am. Bar Assoc., June, 1921. Pp. 6. Exposition of the legal principles on which the law is based, by the presiding judge of the court, who was also author of the bill.

JOUHAUX, L. *The Economic Labour Council in France*. Intern. Lab. Rev., Feb., 1921. Pp. 9. The inquiries conducted by the Council, which was organized on the initiative of the General Confederation of Labor and is representative of technical workers, coöperators, civil servants and organized labor, have led it to favor the nationalization of industry and its control by the associated producers and consumers.

KELLY, E. T. and HASKINS, M. L. *Foundations of industrial welfare*. Economica, May, 1921. It should be undertaken coöperatively, not by the management alone; the welfare worker should be directed by a committee representative of the workers and the management.

KRAUSE, L. *Collective contracts and task work in Germany*. Am. Fed., June, 1921. Pp. 3. The exact regulation of output and wages by collective agreements, binding at law, has removed the opposition of the workers to task-work and piece-work.

LASKI, H. J. *Six weeks of struggle*. Survey, May 28, 1921. Pp. 2. Issues and developments in the British coal strike.

—. *The British coal strike.* Nation, Apr., 27, 1921. Pp. 2.

LA SORSA, S. *Il lavoratore pugliese. Note di sociologia e di folklore.* Riv. Ital. di Soc., July-Sept., 1920. Pp. 29.

LOVEJOY, A. O. *Profit-sharing and industrial peace.* Intern. Journ. Ethics, Apr., 1921. Pp. 24. Finds fatal weaknesses in types of profit-sharing that are intended to increase the employer's profits; holds that an equal division of all profits between employer and workers would substantially advance industrial peace.

McGILL, N. P. *Trend of child labor in the United States, 1913 to 1920.* Mo. Labor Rev., Apr., 1921. Pp. 12.

MAHAIM, E. *International labour law.* Intern. Lab. Rev., Mar., 1921. Pp. 4. Favorable review of the possibilities before the International Labor Conference.

MAYLANDER, A. *Labor unrest in Italy.* Mo. Labor Rev., June, 1921. Pp. 23.

MICHELS, R. *Über die Versuche einer Besetzung der Betriebe durch die Arbeiter in Italien (September, 1920).* Archiv f. Socialwiss., Heft 2, 1921. Pp. 36. Interpretative account of the seizure of factories by Italian workers.

MONDET, N. *La grève des mineurs.* Journ. des Econ., May 1921. Pp. 8. Critical account of the British coal strike up to the end of April.

MORLEY, F. *The collapse of the triple alliance.* Nation, May 18, 1921. Pp. 3.

MOSES, E. B. *The photo-engravers in the courts.* Survey, June 4, 1921. Pp. 3.

OLIVETTI, G. *L'approvvigionamento di materie prime alle industrie in riparazione dei danni di guerra.* Riv. di Pol. Econ., Jan., 1921. Pp. 19.

OSBORN, E. B. *The labour crisis: the coal strike.* Fortn. Rev., May, 1921. Pp. 15. Unfavorable criticism of the course of the union leaders.

PETKOW, P. *Une loi nouvelle sur la conscription du travail.* Rev. d'Econ. Pol., Mar.-Apr., 1921. Pp. 3. The Bulgarian law of June, 1920, providing for the drafting of young men and women for industrial training and labor for the state.

"POLITICUS." *British labour and the bolshevist danger.* Fortn. Rev., June, 1921. Pp. 15. Cites statements and actions to show that the British labor movement is controlled by a minority aiming at revolution.

—. *The coal trouble and the delusions of labour.* Fortn. Rev., May, 1921. Pp. 15.

RAGAZZONI, G. *Il nuovo diritto italiano del lavoro.* Riv. delle Soc. Commerciali, Dec., 1920. Pp. 8. Among the new social laws of Italy the most important creates a Ministry of Labor, incorporating the Labor Bureau with its adjuncts, the administration of the social insurance laws, the national labor exchanges and the central statistical office.

RIDDELL, W. R. *Labor legislation in Canada.* Minn. Law Rev., Jan., Mar., 1921. Pp. 11, 11.

SOULE, G. *Good union or bad?* Nation, June 8, 1921. Pp. 2. A favorable appraisal of the Amalgamated Clothing Workers.

SOUTTER, F. W. *The first fight for labour representation.* Nineteenth Cent., June, 1921. Pp. 18. Autobiographical account of unsuccessful attempt to secure the election of a labor man to the British Parliament in 1869.

STODDARD, W. L. *The open shop—a memorandum.* Indus. Manag., June, 1921. Pp. 2. Favorable to the open shop.

THOMAS, R. *The International Labour Office.* Quart. Rev., Jan., 1921. Pp. 16. Description of the organization and work of the office, by the Director.

TUFTS, J. A. *Judicial law making exemplified in industrial arbitration.* Columbia Law Rev., May, 1921. Pp. 8. Based on the author's experience as an arbitrator in the men's ready-made clothing industry in Chicago.

WARBASSE, A. D. *Workers' status in coöperatives.* Survey, June 4, 1921. Pp. 2.

WARNER, A. *Enter the labor press.* Nation, June 1, 1921. Pp. 3.

WATKINS, G. S. *Analysis of labor turnover.* Administration, July, 1921. Pp. 9.

WHITE, L. D. *Organization of public employees.* Am. Pol. Sci. Rev., May, 1921. Pp. 6. British and French law and proposed legislation.

WHITNEY, A. L. *Labor unrest in Belgium.* Mo. Labor Rev., Apr., 1921. Pp. 8.

YOUNG, H. A. *Labour in India.* Edinburgh Rev., Apr., 1921. Pp. 14. The character of the workers, the conditions, and the causes of the recent strikes.

Conciliation and arbitration in Great Britain. Intern. Lab. Rev., Mar., 1921. Pp. 20. The development of arbitration during the war, the provisions of the Industrial Courts act, 1919, and the operation of the act.

Employment in the British building trade. Intern. Lab. Rev., Apr., 1921. Pp. 8. Deals with the government's proposals for the absorption of labor into the building trades and the refusal of the unions to agree to these proposals.

Industrial arbitration and conciliation in Italy. Intern. Lab. Rev., Apr., 1921. Pp. 11.

The industrial situation in Australia. Round Table, Mar., 1921. Pp. 11. Developments in governmental arbitration.

Labor unrest in Germany. Mo. Labor Rev., Apr., 1921. Pp. 15.

Labor unrest in Spain. Mo. Labor Rev., May, 1921. Pp. 12.

National stoppage of work in coal mines. Lab. Gaz. (London), Apr., May, June, 1921. Pp. 3, 3, 2.

Present day labor litigation—statutes. Yale Law Journ., May, 1921. Pp. 7.

Regulation of employment conditions in soviet Russia. Intern. Lab. Rev., Mar., 1921. Pp. 7.

Unemployment and the industrial situation. Round Table, Mar., 1921. Pp. 23. Causes of and suggested remedies for unemployment in England.

Workers' control in Italy: the government proposal. Intern. Lab. Rev., Mar., 1921. Pp. 14.

Works councils and arbitration tribunals in the Czechoslovakian mining industry. Intern. Lab. Rev., Apr., 1921. Pp. 8.

Money, Prices, Credit, and Banking

(Abstracts by C. A. Phillips)

ADAMS, L. R. *The "Par Clearance Case" decision.* Journ. Am. Bankers Assoc., June, 1921. Pp. 3. The probable effect of the decision will be that both member

and non-member banks will be given the right to charge reasonable exchange on checks returning through federal reserve banks or other channels.

ANDERSON, B. M. *New banking and credit methods used in handling the economic crisis of the past year.* Econ. World, May 14, 1921. Pp. 2. Special reference to the work of creditors' committees.

ANDERSON, B. M. and HERBUAN, A. B. *Federal reserve gold and rediscount policy.* Annalist, July, 1921. Pp. 2. The rediscount rate should be kept above the market rate; the present abnormally high federal reserve ratio is no justification for reducing rediscount rates.

CHANDLER, H. A. E. *Some fundamental factors in foreign exchange fluctuations.* Econ. World, May, 21, 1921. Pp. 6.

CROSS, S. H. *Commercial banking in Belgium.* Econ. World, Apr. 30, 1921. Pp. 3. A snapshot picture of present banking conditions and practices.

EDWARDS, G. W. *A standardized American letter of credit.* Trust Companies, June, 1921. Pp. 4. The principles governing the relations between bankers and merchants under letters of credit.

FISHER, I. *A reply to an adverse A. B. A. report.* Journ. Am. Bankers Assoc., June, 1921. Pp. 4. A trenchant criticism in which the author's plan of stabilizing the dollar is defended.

_____. *Will prices drop to prewar levels?* Am. Rev. Rev., July, 1921. Pp. 3. Higher wholesale prices are in prospect for two or three years.

GEPHART, N. F. *Business revival and the rediscount rate.* Econ. World, June 4, 1921. Pp. 4. The rediscount rate is protective and not determinative.

GIDE, C. *Es deseable la vuelta del franco a la par?* Rev. Econ. Argentina, Feb.-Mar., 1921. Pp. 11.

HAMMETT, C. E. *Trust departments in national banks.* Bankers' Mag., June, 1921. Pp. 8.

HIBBARD, B. H. *Stabilization of prices.* Am. Econ. Rev., June, 1921. Pp. 6.

HOWARD, H. F. *The Imperial Bank of India.* Econ. Journ., June, 1921. Pp. 24. Banking conditions in India with particular reference to the Imperial Bank, which is an amalgamation of the presidency banks.

KENT, F. I. *International financial relationships.* Administration, May, 1921. Pp. 9. Allied indebtedness ought to be partly cancelled.

LATOUE, C. C. *Paper money and Europe's trade.* Annalist, June 20, 1921. Pp. 2.

MAGEE, J. D. *Return the paid-in capital of the federal reserve banks.* Journ. Pol. Econ., June, 1921. Pp. 9. It would be favorable to an unhampered rediscount policy and the entrance of state banks into the system.

MILLER, A. C. *Federal reserve discount policies and prices.* Trust Companies, June, 1921. Pp. 3. The elements of a sound rediscount policy.

_____. *Federal reserve policy.* Am. Econ. Rev., June, 1921. Pp. 30.

OAKWOOD, J. *The continuing gold stream.* Annalist, July 11, 1921. Pp. 2. Virtually all the free gold in the world is flowing to the United States.

PRESTON, H. H. *The federal farm loan case.* Journ. Pol. Econ., June, 1921. Pp.

21. Operation of the system; history and issues of the suit; desirable modifications of the law.

PRUDDEN, R. F. *The bank credit investigator*. Bankers' Mag., June, 1921. Pp. 11. Duties of credit manager; division of responsibility; filing systems in use; the credit folder; sources of information.

RIST, C. *Les banques d'émission et l'après-guerre*. Rev. d'Econ. Pol., Mar.-Apr., 1921. Pp. 2.

ROBBINS, K. N. *Future of the farm mortgage business*. Trust Companies, June, 1921. Pp. 5. Federal farm loan banks represent a twentieth century populism that will be repudiated.

ROBERTS, G. E. *Dollar currency in international trade and credit*. Com. and Finan. Chronicle, July 9, 1921. Pp. 2. Sterling exchange is regaining lost ground. We lack a set of acceptance dealers and exchange experts of international vision.

ROULAND, E. *Le mouvement des prix dans divers pays*. L'Econ. Franç., May 14, 1921. Pp. 3.

STRAKOSCH, SIR H. *A central banking system for the Empire*. Bankers' Mag. (London), June, 1921. Pp. 11. Urges the establishment of a central bank in each of the dominions as a means of strengthening the economic bonds of the Empire.

_____. *The South African reserve bank*. Econ. Journ., June, 1921. Pp. 7.

VIDELA, R. *Orígenes del peso hispano-americano*. Rev. de Econ. Argentina, Feb.-Mar., 1921. Pp. 36.

WAMSLEY, W. F. *Can Germany make exchange help foot her bills?* Annalist, July 4, 1921. P. 1. Predicts a recurring clash of banking wrats.

The checking of currency inflation in Germany. Journ. Commerce, July 6, 1921. Pp. 2. Momentary cessation of inflation has not meant a cessation of the increase in the floating debt.

Les opérations de la Banque de France pendant l'année 1920. L'Econ. Franç., Apr. 9, 1921. Pp. 3.

Progress of banking in Great Britain and Ireland during 1920. Bankers' Mag. (London), June, 1921. Pp. 7.

Public Finance

(Abstracts by Charles P. Huse)

ADAMS, T. S. *Should the excess profits tax be repealed?* Quart. Journ. Econ., May, 1921. Pp. 32. A study of its history, theory and working leads to the conclusion that it should be repealed.

ALFARO, M. *Le billet de rente*. Nouvelle Rev., Nov., 1920. Pp. 26.

ANDERSON, B. M. *Procedure in paying the German indemnity*. Chase Econ. Bull., Apr. 20, 1921. Pp. 21. Germany must first reestablish the gold standard and then by heavier taxation accumulate bank credits to be turned over to the allies.

BADULESCO, M. V. *Le prélèvement sur le capital en Allemagne*. Rev. Sci. et Legis. Finan., Jan.-Mar., 1921. Pp. 54. Gives the text of the law taxing capital, its history, and an explanation of its provisions.

CABIASI, A. *I probabili effetti della tassa del 12% sull' importo globale dell' esportazione tedesca.* Rif. Soc., Mar.-Apr., 1921. Pp. 21.

CHANDLER, H. A. E. *Influence of public finance in world business.* Commerce Mo., July, 1921. Pp. 10. Great expenditures are likely to upset business by encouraging inflation of the currency and by using up the savings of the people.

CHENERY, C. T. *Partnership vs. corporation in federal taxation.* Annalist, Mar. 28, 1921. Pp. 2. Gives figures to show the heavier tax burden on the corporate form of industry.

CHLEPNER, B. S. *Le nouveau régime fiscal de l'Allemagne.* Rev. de l'Inst. de Soc., Mar., 1921. Pp. 31. The new German constitution provides for much greater centralization in fiscal matters.

CLARK, A. B. *The tax problem in Manitoba.* Bull. Nat. Tax Assoc., May, 1921. Pp. 4. Manitoba relies too much on taxes upon real property.

CROSS, S. H. *The Belgian budget for 1921 and the public debt of Belgium.* Econ. World, June 25, 1921. Pp. 2. Though a large deficit is shown for 1921, the writer believes that Belgian thrift will eventually restore the balance in her finances.

DAVENPORT, F. M. *Preparing a foundation for a real tax system.* Bull. Nat. Tax Assoc., Apr., 1921. Pp. 4. Suggests specific improvements in the New York tax system.

DEOLE, C. S. *The Indian budget for 1921-1922.* Journ. Indian Econ. Soc., Mar., 1921. Pp. 10. Increased military expenditures require additional taxes.

DEVRIES, M. *American valuation vital to industrial preparedness.* Protectionist, June, 1921. Pp. 11. Rapid fluctuations in foreign exchange and prices make the change necessary.

FAIRCHILD, F. R. *The case against the sales tax.* Bull. Nat. Tax Assoc., June, 1921. Pp. 6. Doubts whether we need the revenue from this tax.

FAIRCHILD, F. R. and HAIG, R. M. *Is increase in the value of capital income?* Bull. Nat. Tax Assoc., Apr., 1921. Pp. 5. Gives the decision and discusses the question from various points of view.

FRASER, SIR D. D. *The maturing debt.* Journ. Royal Statis. Soc., Jan., 1921. Pp. 45. Suggests measures that will make easier the funding of the maturing debt.

FREY, M. F. *Taxation of profits derived from sale of capital assets of estates.* Trust Companies, May, 1921. Pp. 3. Injustice would be prevented by allowing losses to offset profits over a longer period than at present is permitted.

GINI, C. *Problèmes financiers d'après guerre. I. Dettes publiques et charges fiscales.* Scientia, No. CX-6, 1921. Pp. 20. Considers repudiation, paper money and forms of taxation.

HAIG, R. M. *How shall we get the money?* Journ. Am. Bankers Assoc., Apr., 1921. Pp. 4. Outlines the financial situation and discusses various plans of tax revision.

HAMBURG, A. M. *Exemption of state and municipal securities from federal income taxation.* Va. Law Rev., Dec., 1920.

HIEY, C. *Die Wertzuwachssteuer in der Schweiz.* Zeitschr. f. Schweizerische Statistik u. Volkswirtsch., Heft 1, 1921. Pp. 21. Describes the methods used by the different Swiss cantons in taxing increases in realty values.

JÉEE, G. *L'emprunt dans les rapports internationaux*. Rev. Sci. et Legis. Finan., Jan.-Mar., 1921. Pp. 32. A historical study of the treatment of debts in the case of annexation or separation.

KELLEY, A. C. *Federal taxation of income from the production of minerals*. Journ. Pol. Econ., Apr., 1921. Pp. 28. Present methods of valuation result in much loss to the federal treasury.

LIÈSEK, A. *L'amortissement des fonds d'Etat*. L'Econ. Franç., Apr. 23, 1921. Pp. 3. Discusses various methods of amortisation.

—. *La question des réparations: une appréciation allemande de la capacité économique de l'Allemagne*. L'Econ. Franç., Apr. 9, 1921. Pp. 3. Examines the calculation of Germany's ability to pay made by M. Alfred Lansburgh.

LOTZ, W. *Der Brüsseler internationale Finanzkonferenz von 1920. II*. Schmollers Jahrb., Heft. 1, 1921. Pp. 20. Though plans for reconstruction were not adopted, the conference was noteworthy as a step toward greater coöperation.

MINNIS, S. E. *Double taxation in Holland, Norway, Switzerland and Italy*. Journ. Comp. Legis. and Intern. Law, Jan., 1921.

MOIR, H. *Taxation of life insurance*. Econ. World, May 7, 1921. Pp. 3. The many different taxes reduce dividends to policy holders by over 17 per cent.

ORCUTT, B. S. *Overturn sales tax on commodities*. Bull. Nat. Tax Assoc., June, 1921. Pp. 7. Favors the tax.

PAGE, T. W. *Difficulties of tariff revision*. Journ. Am. Bankers Assoc., Apr., 1921. Pp. 5. Deals with such questions as American valuation and dumping.

POWELL, T. R. *Taxation of things in transit*. Va. Law Rev., Dec., 1920, Jan., 1921.

RAPTER, J. R. *The essential features of the so-called emergency tariff act*. Econ. World, June 11, 1921. Pp. 2. Distinguishes the temporary from the permanent parts.

ROSS, N. F. *What are distributable profits for taxation purposes?* Annalist, May 9, 1921. Pp. 1. Shows need of careful definition by Congress.

SEARS, J. B. *The literature and problems of public school finance*. Educ. Admin. and Supervision, Mar., 1921. Pp. 17.

TAUSSIG, F. W. *The difficulties of the country's tariff problem under existing international conditions*. Econ. World, June 4, 11, 1921. Pp. 5. Tariff should be stable, to give certainty in business, and low, to prevent commercial warfare and unfriendliness.

WARMING, J. *Husleielovens gradvise Afslöning af Värdistigningsskat*. Nat. Ok. Tids., No. 1, 1921. Pp. 41. Proposes an unearned increment tax in the form of a certain proportion of increases in rent.

YVES-GUYOT. *Le pire des emprunts*. Journ. des Econ., May 15, 1921. Pp. 39. A warning against the issue of legal tender paper money.

Imperial preference and the Australian tariff of 1920. Commerce Mo., June, 1921. Pp. 12. Australian tariff history reveals a steady growth of protection with increasing preference to the United Kingdom.

The intricacies of the British income tax. Bull. Nat. Tax Assoc., Apr., 1921. Pp. 7. Shows that difficulties are inherent in the nature of the tax itself.

The personal tax offset under the Wisconsin income tax law. Bull. Nat. Tax Assoc., May, 1921. Pp. 5. Argues in favor of repealing the present offset.

Taxation and public expenditure. Annals Am. Ac. Pol. and Soc. Sci., May, 1921. Pp. 314. Articles on the finances of the United States, France and Peru, the income, excess profits, sales and inheritance taxes, and on budgetary procedure and administrative organization.

Population and Migration

(Abstracts by A. B. Wolfe)

CUSHING, S. *The distribution of population in Mexico.* Geog. Rev., Apr., 1921. Pp. 16. An illuminating exposition of the influence of elevation and rainfall on the geographical distribution of rural and urban population in Mexico.

DARWIN, L. *Population and civilization.* Econ. Journ., June, 1921. Pp. 8. Civilization depends on wealth, racial stock and tradition. All of these would be improved by birth control in the lower classes and a higher birthrate in the better stocks.

DU BOS, W. B. *The contribution of the negro to American life and culture.* Pacific Rev., June, 1921. Pp. 5. A brief survey of the negro's contributions.

DOUCET, R. *La population de Paris et la crise du logement.* Monde Econ., Apr. 23, 1921. Pp. 2. The scarcity of apartments is due to higher incomes and living standards.

EAST, E. M. *The agricultural limits of our population.* Sci. Mo., June, 1921. Pp. 7. Estimates of our future population, on the basis of agricultural land available. Some interesting comparative statistics.

GIRAUDET, A. *Des conséquences morales et sociales du déséquilibre des sexes.* Réf. Soc., Apr., 1921. Pp. 11. In the coming years women, and men advanced in age, will have the dominant influence in European societies—with a resulting conservatism.

HANSEN, M. L. *Official encouragement of immigration to Iowa.* Iowa Journ. Hist. and Pol., Apr., 1921. Pp. 36. A historical outline, based on official documents.

HOOTEN, E. A. *Race mixture in the United States.* Pacific Rev., June, 1921. Pp. 12. In the absence of adequate scientific data on the subject of racial differences in mental capacity, assertions in regard to the superiority or inferiority of this or that race are mischievous and strongly to be condemned. Intermarriage between socially inferior and superior races is bad for the offspring, as a matter of opportunity and psychology.

MILLER, H. A. *The complexity of the Americanization problem.* Pacific Rev., June, 1921. Pp. 7. A sure and well balanced article, taking up a number of points, often neglected, in the psychology of the foreigner in America.

PEARL, R. *The biology of death—the causes of death.* Sci. Mo., June, 1921. Pp. 28. An important study in its field. The different organ systems have well-defined lines of breakdown. Emphasis on the innate biological factors as contrasted with environmental factors in the determination of the observed rates of human mortality.

PEARL, R., and REED, L. J. *On the rate of growth of the population of the United States since 1790 and its mathematical representation.* Proc. Nat. Acad. Sci.,

1920. Pp. 13. Rate of population growth conforms to a portion of a logarithmic parabola. The ultimate limit of population in the United States is 197,000,000.

THOMPSON, W. S. *Some phases of the distribution of immigrants.* Pacific Rev., June, 1921. Pp. 10. Discusses the factors making distribution more difficult than it was twenty years ago.

WOLFE, A. B. *Industrial psychology and Americanization.* Pacific Rev., June, 1921. Pp. 8. Americanization in any true sense cannot be furthered by propaganda put out by open shop associations and the like. The immigrant gets his main ideas of America from his working conditions. If they do not correspond to our alleged ideals the immigrant is naturally suspicious.

Le problème de l'immigration aux Etats-Unis. Monde Econ., May 28, 1921. Pp. 4. Discusses pending immigration legislation, and the problem of assimilation.

The migration of the races. Round Table, Mar., 1921. Pp. 31. A general survey of migration and emigration in modern times, and a discussion of the effect of the war on the attitude of the people of the United States and the British colonies with regard to immigration.

Insurance and Pensions

(Abstracts by Henry J. Harris)

BERNHARD, E. *Die gesetzliche Regelung der Arbeitslosenversicherung im Ausland.* Reichs-Arbeitsblatt (Beilage), Mar. 15, 1921. Pp. 24. Under such topics as scope, contributions, benefits, etc., the plans in the leading countries are described.

BLANCHARD, R. H. and MOORE, G. D. *Corporate bonding.* Proc. Cas. Act. Stat. Soc., Nov., 1920. Pp. 12. Describes fidelity, public official, judicial, contract, depository, etc., bonding business, carried on by corporations. These bodies are subject to state insurance regulations.

CHAMBERLAIN, J. P. *The conflict of jurisdiction in compensation for maritime workers.* Am. Labor Legis. Rev., June, 1921. Pp. 6. Maritime workers on land, e.g., stevedores, should be subjected to state compensation laws.

CHOLMELEY-JONES, R. G. *War risk insurance.* Sci. Mo., Mar., 1921. Pp. 7. Scope and work of the Bureau.

COWLES, W. G. *Reciprocals, inter-insurers and other mutual insurance organizations.* Econ. World, Apr. 16, 23, 1921. Pp. 8, 3. Legal liability is uncertain and has dangerous possibilities.

CRAIG, J. D. *Group health insurance.* Proc. Cas. Act. Stat. Soc., Nov., 1920. Pp. 24. Legal limitations, coverage, selection of risks, premium rates, classification of industries, typical policy forms.

DORN, H. *Die Krisis in der Versicherungs-Wissenschaft.* Zeitsch. f. d. ges. Versicherungswis., Apr. 1, 1921. Pp. 4. Plea for revision of training courses in universities.

FLYNN, B. D. *Review of actuarial and statistical work in the various branches of the casualty insurance business.* Proc. Cas. Act. Stat. Soc., Nov., 1920. Pp. 9. Work has been of great value in compensation insurance. Needs development in other lines.

HATCH, L. W. *The "maritime" twilight zone from the standpoint of compensation administration.* Am. Labor Legis. Rev., June, 1921. Pp. 4. Under the Jensen

and Stewart decisions of the U. S. Supreme Court, longshoremen, ship-repairers, etc., are sometimes maritime and sometimes not maritime workers. The federal government should leave these groups under the state compensation laws.

HUEBNER, S. S. *Government and marine insurance*. Econ. World, Apr. 30, 1921. Pp. 4. Recommends taxation on profits instead of on premiums, encouragement of syndicates, enlargement of reinsurance facilities, and advocates model law.

LAIRD, J. M. *Non-cancellable accident and health insurance underwriting problems from an actuarial standpoint*. Econ. World, June 18, 1921. Pp. 3. Last of three articles on the actuarial and general business problems of this new form of insurance.

LOCK, F. *The fire insurance "revelations" of the Lockwood-Untermeyer investigating committee in New York*. Econ. World, June 25, 1921. Pp. 2. Much of the evidence misleading and some of it incorrect.

MALCOLM, E. H. *An official defense of so-called municipal hail insurance in Canada*. Econ. World, Apr. 9, 1921. Pp. 2. Systems of state or municipal hail insurance are now in force in North Dakota, South Dakota, Nebraska, Montana, Saskatchewan and Alberta. The Alberta fund has lower premiums, has paid all losses and has a substantial surplus.

MANSFIELD, B. *Government and marine insurance*. Econ. World, May 21, 1921. Pp. 3. Marine insurance being entirely subject to regulation by the individual states, the uniform bill recently proposed is recommended. Taxation should be reformed.

MITTERMÜLLER, C. *Lebensversicherung und Geldentwertung*. Zeitsch. f. d. ges. Versicherungswis., Apr. 1, 1921. Pp. 10. About half of the German companies did business in foreign countries; in most of them there will be serious losses to the companies. The German policy holder is receiving payments in marks worth about one-twelfth of the mark of 1913.

MÜLLER, A. *Versicherungs-mathematische Begriffsbildung auf Grund von Realdeckungskapitalien*. Zeitsch. f. d. ges. Versicherungswis., Apr. 1, 1921. Pp. 14. Definitions and formulas.

ONTWATER, O. E. *An American accident table*. Proc. Cas. Act. Stat. Soc., Nov., 1920. Pp. 21. Distribution of 100,000 industrial accidents showing nature of disability, duration, dependents, etc. Prepared in the National Council of workmen's compensation insurance. Comprehensive piece of work.

PERKINS, S. B. *A suggested system of standard notation actuarial work in workmen's compensation insurance*. Proc. Cas. Act. Stat. Soc., Nov., 1920. Pp. 21. Code of symbols.

ROHRBECK, W. *Die neuen Wege der Sozialpolitik zum wirtschaftlichen Wiederaufbau im Versicherungswesen*. Zeitsch. f. d. ges. Versicherungswis., Apr. 1, 1921. Pp. 16. Readjustment of private insurance company management under the "establishment council" act.

STIER-SOMLO, F. *Die Reichsteuergesetze und das Versicherungswesen: II. Reichseinkommen-, Köoperschaft-, Kapitalertrags-, Erbschafts-, Umsatzsteuer-, und Kapitalfluchtgesetz*. Zeitsch. f. d. ges. Versicherungswis., Apr. 1, 1921. Pp. 20. Explanatory statement.

WOODWARD, J. H. *Disability benefits in life insurance policies*. Proc. Cas. Act.

Stat. Soc., Nov., 1920. Pp. 14. Description of prevailing practices in underwriting the disability hazard as an incident to the issue of life insurance policies. History and economic significance.

National health insurance. Journ. Inst. Actuaries, Apr., 1921. Pp. 5. The results of the first valuation of the approved societies, as of Dec. 31, 1918, were reported for about 5000 cases, 40 per cent of the total. The vast majority showed substantial surpluses; the deficits were insignificant.

Old age pensions legislation in France. Intern. Lab. Rev., Apr., 1921. Pp. 21. Review of laws of April 5, 1910, in force July 8, 1911, and amending acts, on pensions for workmen and peasants. Gives statistics of operations. Suggests increasing the benefits and contributions.

Plant disability funds. New York Dept. of Labor, Bull. No. 105, Apr., 1921. Pp. 16. Analysis of 41 funds in a wide variety of industries with over 200,000 employees. Gives kinds of benefits provided, management, contributions, disability covered, membership, etc.

Progress with aviation insurance in Great Britain. Econ. World, July 2, 1921. Pp. 3. Describes insurance policies for personal accident, cargo, damage to machine and ground risks.

Report of committee of the Bureau of Personal, Accident, and Health Underwriters on non-cancellable disability insurance. Econ. World, June 25, 1921. Pp. 2. Summary giving recommendations on policy coverage, rate of disability, loadings, reserves, limits of risk, over-insurance, etc.

Survey of insurance educational work. Proc. Cas. Act. Stat. Soc., Nov., 1920. P. 1. Of institutions of collegiate grade, 49 have courses actually in operation; of these 17 have general courses only, 21 have specialized courses only, and 11 have both general and specialized courses.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

BORGATTA, G. *Crisi bellica e crisi postbellica.* Rif. Soc., Mar.-Apr., 1921. Pp. 29. An inaugural address dealing with the most critical social problems of the war and post-war periods.

DOLL, E. A. *Education of juvenile delinquents.* Journ. Delinquency, Mar., 1921. This article outlines and describes various clinical procedures and methods in reference to juvenile delinquents. It concludes that from 25 to 35 per cent of the boys in reformatories are feeble-minded and that nearly one-half are borderline cases. The paper presents a plan of education for these types of boys and suggests the utilization of the mental tests in planning paroles.

SIMON, H. *Sozialpolitik und Armenwesen.* Reichs-Arbeitsblatt, Mar. 15, 1921. This article vigorously opposes poor laws and appeals for the development of constructive welfare movements, both public and private.

Socialism

BRAILESFORD, H. N. *The Russian communist party.* Contemp. Rev., Jan., 1921.

CARLI, F. *L'état présent du socialisme italien.* Bib. Univ. et Rev. Suisse, Feb., 1921.

COLOMBINI, E. *Three months in bolshevist Russia.* Liv. Age, Jan. 29, Feb. 5, 1921.

CORBIN, J. *The new socialism*. No. Am. Rev., Mar., 1921.

FORD, P. *Marx and Marxists*. *Economica*, May, 1921.

GALLOMBI, J. *War among socialists grows world-wide. The split in the socialist movement*. *Fortn. Rev.*, Dec., 1920, Jan., 1921.

HART, H. *Coal nationalization in England*. *Pol. Sci. Quart.*, Dec., 1920.

HEIMENDAHL, H. *Die Stellung des Sozialismus zum Bankwesen*. *Jahrb. f. Gesetzg. Verw. u. Volksw. i. D. Reiche*, Heft 4, 1920.

HOLCOMBE, A. N. *The government of the Fabian socialist commonwealth*. *Quart. Journ. Econ.*, May, 1921.

LEDEREK, E. *Sozialisierung und Gesellschaftsverfassung*. *Archiv f. Socialwis.*, Band 48, Heft 2, 1921.

LEVI, A. *Le parti socialiste italien*. *Rev. de L'Institut de Soc.*, Mar., 1921.

MACDONALD, J. R. *The Georgian socialist republic*. *Contemp. Rev.*, Feb., 1921.

MONDET, N. *La nationalisation de la marine marchande*. *Journ. des Econ.*, Nov. 15, 1920.

OLBERG, P. *Bauernrevolution und Bolshevismus (Die Agrarfrage in Russland)*. *Archiv f. Socialwis.*, Band 48, Heft 2, 1921.

ONCKEN, H. *Friedrich Engels und die Anfänge des deutschen Kommunismus*. *Hist. Zeitsch.*, 8, 27, 2, 1920.

RIGNANO, E. *Un programme socialiste libéral*. *Rev. d'Econ. Pol.*, Jan.-Feb., 1921. Pp. 1.

SCHUMPETER, J. *Sozialistische Möglichkeiten von heute*. *Archiv f. Socialwis.*, Band 48, Heft 2, 1921.

STROOMILLO, G. *Russia and the Russian workers under the bolshevist rule*. *Am. Fed.*, May, 1921.

TSCHUDNOWSKY, G. *Russische Sozialisten über den Krieg*. *Archiv f. d. Geschichte des Socialismus*, Heft 2-3, 1921.

UMBREIT, P. *The program of German socialized industrial management*. *Annals Am. Acad. Pol. and Soc. Sci.*, Nov., 1920.

Statistics

(Abstracts by Horace Secrist)

ALTMAYER, A. J. *Industrial accident frequency in Wisconsin, 1915-1920*. *Mo. Labor Rev.*, June, 1921. Pp. 5.

AUEL, C. B. *The unexpected trend in accident prevention*. *Manag. Engg.*, July, 1921. Pp. 7. "Long service, good health, contentment, cleanliness and carefulness are more important than mechanical devices."

BIVINS, P. A. *The ratio chart and its applications*. I. *Indus. Manag.*, July, 1921. Pp. 4. The first of a series of articles on the construction and use of ratio charts.

BLOCH, L. *Occupations of immigrants before and after coming to the United States*. *Quart. Pubs. Am. Stat. Assoc.*, June, 1921. Pp. 15.

BOAS, F. *The coefficient of correlation*. *Quart. Pubs. Am. Stat. Assoc.*, June,

1921. Pp. 6. A statement of the conditions which influence the value of the coefficient of correlation. Important in view of its use in a mechanical way.

BONAR, J. *The mint and the precious metals in Canada*. Journ. Royal Stat. Soc., Mar., 1921. Pp. 39.

BOWLEY, A. L. *An index of the physical volume of production*. Econ. Journ., June, 1921. Pp. 10. A careful review and criticism of "An index of the physical volume of production" by E. E. Day, published by the Harvard Committee on Economic Research.

BRYANT, W. W. *The weather and cyclical fluctuations*. Econ. Journ., Mar., 1921. Pp. 4. A critical review of the contention of Sir W. Beveridge, that a 15 1/3 year cycle governs the price of wheat. Maintains yearly data are inadequate.

CARVER, H. C. *The mathematical representation of frequency distributions*. Quart. Pubs. Am. Stat. Assoc., June, 1921. Pp. 12.

CHADDOCK, R. E. *The graphic representation of a frequency distribution*. Quart. Pubs. Am. Stat. Assoc., June, 1921. Pp. 4. "Therefore, when calculating the median, quartiles, etc., for grouped data, we should use the actual number of items instead of adding one."

CHAPMAN, E. H. *Interpretation of a correlation coefficient*. Mo. Bull. of Agri. Stat. (Canada), Mar., 1921. Pp. 3. An elementary statement of the meaning of the correlation coefficient, and of its application to agricultural problems.

CRAEYS, R. *L'indice du coût de la vie du bureau de statistique de la ville d'Amsterdam*. Rev. d'Econ. Pol., Mar.-Apr., 1921. A critical account of the method of computing a cost of living index.

CRAIG, D. R. *The analysis of labor records*. Indus. Manag., May, 1921. Pp. 3.

CRUMP, N. E. *A review of recent foreign exchange fluctuations*. Journ. Royal Stat. Soc., May, 1921. Pp. 27. A review of the fluctuations during 1919 and 1920, together with an explanation of the cause to which they can be attributed.

DAVIS, J. S. *Recent economic and financial progress in Germany*. Rev. Econ. Stat., June, 1921. Pp. 25. Includes treatment of (1) Summary of economic and financial position, (2) The public finances, (3) Currency, prices, and cost of living, (4) Foreign exchange, security prices and private finance, (5) Live stock, agriculture, and the food supply, (6) Coal, iron, and steel, (7) Transport and communication, (8) Foreign trade and its regulation, (9) General industrial situation.

FAHRLÄNDER, M. *Die Bewegung des schweizerischen Volksvermögens von 1913-1919*. Zeitschr. f. Schweizerische Stat. u. Volkswirtsch., Heft 1, 1921. Pp. 23.

FLUX, A. W. *The measurement of price changes*. Journ. Royal Stat. Soc., Mar., 1921. Pp. 49. An important survey of the practical and theoretical problems in the measurement of prices, together with a comparative analysis of the various English series.

FORB, C. M. *Alphabetical and mnemonic symbols on tabulating machine cards*. Indus. Manag., May, 1921. Pp. 4.

FRANKEL, E. *Labor absenteeism*. Journ. Pol. Econ., June, 1921. Pp. 9. Meaning and measure of labor absenteeism with particular reference to automobile manufacturing establishments, car building plants, machine manufacturing establishments, together with suggestions for reducing the amount.

GIGON, A. and MANGOLD, F. "Neue Indezzifern," *Erwiderung*. Zeitschr. f. Schweizerische Stat. u. Volkswirtsch., Heft 1, 1921. Pp. 16.

GINI, C. *Measurement of inequality of incomes*. Econ. Journ., Mar., 1921.

KELLEY, T. L. *A new measure of dispersion*. Quart. Pubs. Am. Stat. Assoc., June, 1921. Pp. 7.

LISMAN, F. J. *Remedies for wastes in railway operation*. Ry. Age, July 9, 1921. Pp. 5. "More thorough and intelligent cost keeping methods necessary."

LORENZ, J. *Neue Indezzifern*. Zeitschr. f. Schweizerische Stat. u. Volkswirtsch., Heft 1, 1921. Pp. 4.

NEWSHOLME, SIR A. *National changes in health and longevity*. Quart. Pubs. Am. Stat. Assoc., June, 1921. Pp. 31. An analysis of the changes in longevity in England and the United States, with special emphasis on males beyond the fortieth year of age.

PEARSON, R. J. A. *A comparison of pre-war and post-war production costs in engineering*. Journ. Royal Stat. Soc., May, 1921. Pp. 34. Elements entering into costs are closely distinguished and measured. Contains tables and graphs.

PERKINS, S. B. *A suggested system of standard notation for actuarial work in workmen's compensation insurance*. Proc. Cas. Act. Stat. Soc., Nov. 17, 1921. Pp. 21.

PERSONS, W. M. *Fisher's formula for index numbers*. Rev. Econ. Stat., May, 1921. Pp. 11. "Fisher's formula is 'the best' measure of general exchange value if we desire to compare two years only, and not a series of years each with the other; his correlative formulas for prices, and quantities are 'the best' only if we are interested in the *same quantities* in both cases. . . . The geometric average with constant weights (or weights changed only occasionally) appears to be 'ideally' better than Fisher's formula if we desire to compare a series of years each with the other. In addition, the geometric average has the practical advantage that fewer data and half the labor are required for its computation. The accuracy of the geometric mean combined with relative ease in calculation make it superior for most purposes to Fisher's index."

RAFFALOVICH, A. *The note issue under bolshevik rule*. Bankers' Mag. (London), May, 1921. Pp. 6.

REW, SIR R. H. *The organization of statistics*. Journ. Royal Stat. Soc., Jan., 1921. A statement of the function of the Royal Statistical Society in relation to statistical data, and of the relation of statistics and statistical organization to existing social, political, and economic conditions.

ROBERTS, G. E. *The value of statistical information*. Administration, June, 1921. Pp. 4. The field of statistics and the statistician in business analysis.

SAKOLSKI, A. M. *Statistical control of railroad operations*. Administration, July, 1921. Pp. 10. An account of the development of railroad operating statistics as worked out under the direction of Professor William J. Cunningham by the United States railroad administration, and a plea for the use of similar units in other industries.

SCOVILLE, J. W. *How we plan four months ahead*. Factory, July, 1921. Pp. 2.

SCRUTATOR. *Staff organization*. Bankers' Mag. (London), June, 1921. Pp. 18.

SECRIST, H. *The relation of statistics to professional work and industry.* Journ. Western Soc. Engg., June, 1921. Pp. 9.

SNIDER, J. L. *Security issues in the United States: 1909-1920.* Rev. Econ. Stat., May, 1921. Pp. 5. "The purpose of this article is to bring together and interpret the available statistics of the volume of security issues in the United States for the period 1909-1920."

STEVENSON, T. H. C. *The incidence of mortality upon the rich and poor districts of Paris and London.* Journ. Royal Stat. Soc., Jan., 1921. Pp. 17. Critical comparison for the two cities, the aim being to determine the causes of the differences.

WILLIAMS, F. M. *The origin and development of modern trade statistics.* Quart. Pubs. Am. Stat. Assoc., June, 1921. Pp. 11.

WILSON, SIR J. *The world's wheat.* Journ. Royal Stat. Soc., May, 1921. Pp. 68. A comprehensive study with especial reference to the accuracy of the estimates on wheat production during and since the war and on account of the recent yields of exporting countries and the stocks and imports of importing countries, ocean freights, prices of wheat, etc.

WOODWARD, J. H. *Disability benefits in life insurance policies.* Proc. Cas. Act. Stat. Soc., Nov. 17, 1920. Pp. 13.

Retail prices statistics: scope and method of compilation. Lab. Gaz., Feb., 1921. Pp. 4. An account of the precise method used in collecting and compiling cost of living data in England.

Wholesale prices of commodities in 1920. Journ. Royal Stat. Soc., Mar., 1921. Pp. 28.

NOTES

The following names have been added to the membership of the AMERICAN ECONOMIC ASSOCIATION since the first of May:

Abels, Mrs. Margaret H., Carroll College, Waukesha, Wis.
Atwood, L. L., 918 Seventh Ave., La Grange, Ill.
Badger, Ralph E., 11 Yale Station, New Haven, Conn.
Beck, Mrs. B. C., 202 Olympic Place, Seattle, Wash.
Bell, Laird, 134 So. La Salle St., Chicago, Ill.
Berry, R. C., Teton City, Idaho.
Boyer, Samuel A., 1319 Tennessee St., Lawrence, Kansas.
Brigham, Robert, Orr's Island, Maine.
Brown, T. H., 79 Taber Ave., Providence, R. I.
Cannon, Bernice M., 426 Washington St., Boston, Mass.
Carroll, Charles B., 824 Memorial Quadrangle, New Haven, Conn.
Carson, F. L., 1244 N. Topeka Ave., Wichita, Kansas.
Chen, C., Amoy University, Amoy, Fukien, China.
Clay, Henry, Cedar House, Epping, England.
Clement, C. E., Department of Agriculture, Washington, D. C.
Culver, Alvin H., 1406 N. Y. Life Bldg., Chicago, Ill.
Deverell, Frank A., 912 B. & O. R. R. Bldg., Baltimore, Md.
Dill, Richard E., Alexandria, Neb.
Donald, H. H., 314 West 138th St., New York City.
Dondo, Mrs. Anna M., 526 West 192d St., New York City.
Du Brul, E. F., Prov. Bank Bldg., Cincinnati, Ohio.
Ekvall, Waldemar, 25 West 45th St., New York City.
Farmer, Ralph H., 979 14th Ave., S. E., Minneapolis, Minn.
Fluegel, Felix, University of California, Berkeley, Calif.
Gillies, Robert C., 1857 Ontario Place, N. W., Washington, D. C.
Gillin, J. L., University of Wisconsin, Madison, Wis.
Ginn, Susan J., 218 Tremont St., Boston, Mass.
Glein, Sophia C., 10 E. Lexington St., Baltimore, Md.
Godfrey, Percy D., Pillsbury Academy, Owatonna, Minn.
Goodrich, Carter L., 17a Appleby Road, Wellesley, Mass.
Hefling, Arthur W., R. 4, Burrton, Kansas.
Higbee, Paul W., Proctor, Vt.
Hilario, José M., Bureau of Internal Revenue, Manila, P. I.
Holt, William H., Land Title Bldg., Philadelphia, Pa.
Hornbeak, S. L., 808 W. Marvin St., Waxahachie, Texas.
Hsun, Chen Tsung, 20, Hakka Straat, Medan, Deli, E. C. Sumatra.
Hyatt, Alton R., Lawrenceville, N. J.
Irons, V. Earl, Room 1203 Little Bldg., Boston, Mass.
James, Virginia, Lee's Summit, Mo.
Jennings, B. B., 882 Fifth Ave., New York City.
Kamimura, U., 165 Broadway, New York City.
Knauth, Victor W., 302 West 76th St., New York City.
Lee, Tsufa S., 303 Fifth Ave., New York City.
Leland, Simeon E., University of Kentucky, Lexington, Ky.
Leslie, William, University of California, Berkeley, Calif.
Lichtenstein, Walter, First National Bank, Chicago, Ill.

Link, Henry C., U. S. Rubber Co., 1790 Broadway, New York City.
Lockwood, Jeremiah, University of Pennsylvania, Philadelphia, Pa.
Luthy, George L., 102 Randolph Ave., Peoria, Ill.
McCollough, Elzy V., Bloomington, Ind.
McCormick, Robert R., 96 Kenmore Place, Brooklyn, N. Y.
McKay, J. Gordon, University of Wisconsin, Madison, Wis.
Malcolm, Philip S., 98 Seaside Ave., Milford, Conn.
Mason, Arthur J., 5715 Woodlawn Ave., Chicago, Ill.
Merwin, Margaret S., 10 East 39th St., New York City.
Moore, Louise, 197 S. Hamilton St., Poughkeepsie, N. Y.
Morris, Victor P., 650 12th Ave., Eugene, Oregon.
Morrow, Dwight W., 23 Wall St., New York City.
Noble, H. S., University of Minnesota, Minneapolis, Minn.
Oppenheim, S. C., State Teachers College, Kirksville, Mo.
Oswald, Lewis, 301 West 9th St., Hutchinson, Kansas.
Parodi, H., 141 Quai d'Orsay, Paris, France.
Patterson, S. H., University of Pennsylvania, Philadelphia, Pa.
Pearson, Walter W., Morningside, Lombard, Ill.
Pforzheimer, Arthur, 25 Broad St., New York City.
Phillips, E. A., University of Southern California, Los Angeles, Calif.
Phinney, Lucy C., Colorado College, Colorado Springs, Colo.
Quisenberry, T. E., Rutter Lindsay & Co., Chicago, Ill.
Reid, W., Tuttle Corporation, 15 Broad St., New York City.
Rhett, R. G., Jr., People's National Bank, Charleston, S. C.
Robertson, Alexander D., 1820 Dupont Ave., So., Minneapolis, Minn.
Robinson, Henry M., First National Bank, Los Angeles, Calif.
Rosenberg, David S., 75 Fort Washington Ave., New York City.
Saposnekow, Jacob, 343 S. 4th St., Brooklyn, N. Y.
Schmeckebier, L. F., 1444 Belmont St., Washington, D. C.
Schreier, Henry C., Jr., 120 Broadway, New York City.
Schultz, Henry, 1415 Chapin St., N. W., Washington, D. C.
Schwartz, Arthur, 61 Lee Ave., Brooklyn, N. Y.
Seeley, W. Parker, 245 Brooklawn Ave., Bridgeport, Conn.
Sellew, Gladys, 1603 E. McMillan St., Cincinnati, Ohio.
Snyder, Charles E., 10400 Prospect Ave., Chicago, Ill.
Sutcliffe, William G., Simmons College, Boston, Mass.
Swain, Wilbur D., Aberdeen, S. D.
Tang, W. K., 851 West 181st St., New York City.
Tanner, Edna V., 12 E. Bomford St., Richwood, Union Co., Ohio.
Taylor, C. E., Security Trust & Savings Bank, Los Angeles, Calif.
Taylor, Paul S., 2815½ Channing Way, Berkeley, Calif.
Tener, Kinley J., Sewickley, Pa.
Thomas, Mrs. Adda Grace, Churubusco, Ind.
Titus, Charles H., Box N., Stanford University, Calif.
Victor, Harold R., 2318 N. Capitol Ave., Indianapolis, Ind.
Williams, A. H., University of Pennsylvania, Philadelphia, Pa.
Yavitz, Joseph T., 3806 West 18th St., Chicago, Ill.

Sale of Surplus Stock of Publications of the American Economic Association. The Secretary has been authorized to dispose of the surplus stock of

publications of the AMERICAN ECONOMIC ASSOCIATION at reduced prices. The reasons for this action are the desire to make these publications useful; to reduce the heavy storage, insurance, and interest charges; to convert these assets to cash; and to make it possible for the younger economists to complete their sets of the Association's publications. Accordingly the members of the Association and the libraries are given the first opportunity to buy these publications; the offers are open to them exclusively until November 1, 1921, and thereafter the general public will be permitted to buy at the reduced prices. After March 1, 1922, all unsold surplus publications, except those reserved as stated below and possibly certain single numbers for which fairly steady demand is visible, will be pulped.

Reserved publications:

- a. Three copies of each number will be permanently retained by the Association.
- b. As far as possible, ten other copies of each number will be reserved for sale only in complete series.
- c. As far as possible, ten other copies of each number will be reserved for sale only in complete volumes.

Above these 23 reserved copies all copies of every number will be sold by single copy or volume.

The prices at which the surplus publications will be sold are determined by deducting the following discounts from the list prices given for single numbers or volumes in the pages appended to Vol. XI, No. 1, Supplement, March, 1921. In case you are interested in these reduction sales and have not a copy of that Supplement, the Secretary will furnish you with a copy of the list prices.

Discounts from List Prices (Per cent)

	Full series	Per volume	Per single number
First Series, 1886-1896, Vols. I-XI.....	75	70	65
Economic Studies, 1896-1899, Vols. I-IV...	75	70	65
New Series, 1896-1899, Vols. I-II.....	75	70	70
Third Series, 1900-1910, Vols. I-XI.....	75	70	65
Economic Bulletin, 1908-1910, Vols. I-III..	75	70	65
Fourth Series: AMERICAN ECONOMIC REVIEW			
1911-1915, Vols. I-V.....	65	60	50
1916-1918, Vols. VI-VIII.....	50	45	30
1919-1921, Vols. IX-XI.....	No discounts		

The above quotations are for paper bound copies; volumes bound in cloth may be had at 25 per cent additional. In filling orders for bound volumes time must be allowed for binding.

Exceptions will be made of a certain few single numbers, which will not be sold at the discounts above quoted; but instead a discount of 30 per cent will be allowed from the list price.

Orders will be filled as received, first come first served. Address all

orders to Professor R. B. Westerfield, Secretary, Yale Station, New Haven, Conn.

In the notice of the discounts allowed for the publications of the American Economic Association published in the June number there is a typographical error in the discount allowed for the Third Series, Single Copies. The discount should be 65 per cent instead of 5 per cent.

Second Karelson Prize Essay Competition. The subject of the essays of the second prize essay competition to be conducted by the AMERICAN ECONOMIC ASSOCIATION will be "The relations of capital and labor." What is expected is a working plan for division of profits or bonus in the conduct of an industrial plant of small or moderate size, some plan or suggestion which will give the employee a share of the profits or a voice in the management or any other incentive to do his job well, and which will be, if possible, an application of the Golden Rule. Three prizes will be offered for the most meritorious essays: first prize, \$1,000; second prize, \$500; and third prize, \$250.

Any American citizen is eligible to compete. It is particularly hoped that the officers of labor unions and employers' associations will bring this contest to the attention of their members and employees and that many from these industrial groups will enter the contest.

The essays are to be submitted in typewritten form on or before September 1, 1922, to the Secretary of the AMERICAN ECONOMIC ASSOCIATION, New Haven, Connecticut. Each is to be signed with a pseudonym, which should also be written on a sealed envelope containing the real name and address of the writer. No definite length is prescribed for the essays; but it is expected that each will constitute a small monograph of some 30 to 100 typewritten pages (7,500 to 25,000 words). The successful papers will become the property of the AMERICAN ECONOMIC ASSOCIATION, and it is expected that they will be published as a supplement to the AMERICAN ECONOMIC REVIEW, or in some other way. Further particulars of the contest will be given in the September number of the REVIEW and in circulars from the Secretary's office. All inquiries regarding the contest should be addressed to the Secretary of the AMERICAN ECONOMIC ASSOCIATION, Yale Station, New Haven, Connecticut.

The judges who will determine the award of the prizes will be persons of national reputation and representative of different social and economic groups.

The national convention of The Society of Industrial Engineers will be held at Springfield, Mass., October 5-7. The main subject will be "Industrial Stability," covering production, distribution and sales, finance accounting and personnel.

The Fourteenth Annual Conference of the National Tax Association will

be held at the Mount Pleasant Hotel at Bretton Woods station in the White Mountains, September 12-16.

The Tenth Annual Convention of the Investment Bankers Association of America will be held in New Orleans, November 1-2.

The International Free Trade Congress will meet at Amsterdam, September 13-16.

Notice has been received of the formation in England of the University Labour Federation. The objects of this federation are to coördinate labor thought and political effort in the universities, to define and express a policy on national and international questions, and to develop university opinion on labor and socialist questions. Membership is open to all graduates and students of universities, colleges, and similar organizations. The secretary is A. Henderson, Trinity Hall, Cambridge, Eng.

The Institute for Research in Land Economics has been organized for the purpose of studying problems relating to landed property. Dr. R. T. Ely is director.

The State University of Iowa has begun the issue of a periodical entitled *Journal of Business*.

Professor W. M. W. Splawn, University of Texas, and President Bizzell of Texas Agricultural and Mechanical College, have in preparation a text on economics for secondary schools.

The National Child Labor Committee has recently published a volume entitled *Child Welfare in Tennessee* (pp. 620). Professor C. E. Allred of the University of Tennessee assisted with the "Rural Life" section of the report. This deals largely with economic conditions in that state.

Harper & Bros. announces the preparation of a Life Insurance Library, edited by Dr. John A. Stevenson, vice president of the Equitable Life Insurance Society of New York City, and Griffin Lovelace, director of the School of Life Insurance Salesmanship, Carnegie Institute of Technology.

The publication department of the League of Nations, Geneva, has issued a catalogue of the publications issued by the League. Among these is to be noted the *Verbatim Report of the International Financial Conference*, published in five volumes, and also *Currencies After the War*.

The article by Professor Seligman, *Economists of the United States*, prepared for the Cambridge History of American Literature, has been reprinted as a separate.

In the *Bulletin of the British Library of Political Science* (London School of Economics and Political Science, Clare Market, London, W. C. 2), is a two page bibliography of Sir Josiah Child.

The announcement has been made of the early publication of *The Labor Age*, supported by the Labor Publication Society (Room 931, 70 Fifth Avenue, New York City). *The Labor Age* is an evolution from *The Socialist Review*, published since December, 1919, by the Intercollegiate Socialist Society.

The first issue of *Management Engineering*, a new magazine published by the Ronald Press Company, appeared in July. Mr. Lee Galloway is the editor in chief of this periodical, which is designed to cover the management side of production and act as a complement to *Administration*.

Publication of *The Americas*, by the National City Bank of New York, was discontinued with the July issue.

New York University has established a school for the study of oriental commerce and politics. This will be headed by Dr. Jeremiah W. Jenks. Mr. Charles Hodges will act as assistant director.

Dr. Frederick L. Hoffman, third vice-president and statistician of the Prudential Insurance Company, has joined the Mulford Biological Exploration of the Amazon Basin which left for the west coast of South America early in June. Dr. Hoffman's work relates to the health, longevity, acclimatization, and sanitary progress of the regions visited, particularly as regards American residents who are temporarily or permanently settled under the conditions of tropical life.

The Library Association (Stapley House, 33 Bloomsbury Square, W. C. 1, London, England) has issued *The Subject Index to Periodicals, 1917-1919; Historical, Political and Economic Sciences*. This contains over 12,000 entries selected from over 400 English and foreign periodicals. The material is clearly arranged, but the references to periodicals published on the Continent are not abundant. German periodicals do not appear to be included in this issue (496 columns, £1, 1s.).

"Wila" Wiener Literarische Anstalt announces the publication of a collection of classical works relating to economics edited by Dr. Othmar Spann, professor of political economy at the University of Vienna. Among the volumes which will appear are: *Versuche über eine Theorie des Geldes*, published in 1816, by Dr. H. Lieser; selections from the writings of Thomas Aquinas; and the principal works of François Quesnay.

The Forschungsinstitut für Sozialwissenschaften, in Cologne, announces the publication of *Kölner Vierteljahrsshefte für Sozialwissenschaften*, to be published by Duncker & Humblot, Munich and Leipzig (40 marks).

A meeting of the American Statistical Association was held in New York City on June 17, for the discussion of commercial research and business policies.

The University of Chicago Press announces a new work, *Law and Business*, to be published in three volumes. The first volume has already appeared, price, \$4.50. The material of these books has been developed in actual class-room work in the School of Commerce and Administration of the University of Chicago.

Frank Tannenbaum's book, *The Labor Movement, Its Conservative Functions and Social Consequences*, has just been published by G. P. Putnam's Sons, New York City.

Professor F. M. Taylor, of the University of Michigan, has completed a new edition of his textbook, *Principles of Economics*, published by the Ronald Press Company.

Successful Family Life on the Moderate Income is the title of a new book by Mrs. Mary Hinman Abel. There is the following sub-heading: "Its Foundation in a Fair Start. The Man's Earnings. The Woman's Contribution. The Coöperation of the Community." The book is published by J. B. Lippincott Company, Philadelphia.

From the Oxford University Press in England has been received the announcement of a new series called "Economic and Social History of the World War, British Series," and published on behalf of the Carnegie Endowment for International Peace. Two of the first volumes to appear will be *Allied Shipping Control*, by J. A. Salter, and *War Government of the British Dominions*, by Arthur Berriedale Keith.

Risk, Uncertainty and Profit, by Frank H. Knight, published by Houghton Mifflin Company, is one of the Hart, Schaffner & Marx Prize Essays in Economics.

D. Appleton & Company is the publisher of a book by Professor Robert Riegel of the University of Pennsylvania, entitled *Merchant Vessels*.

Dr. James E. Boyle is the author of a college textbook entitled *Agricultural Economics*, published by J. B. Lippincott Company.

A volume of essays by Professor Harold J. Laski has appeared under the title *The Foundations of Sovereignty and Other Essays*. The publisher is Harcourt, Brace & Company.

The Engineers and the Price System is the title of a new book by Thorstein Veblen, published by B. W. Huebsch, Inc.

P. S. King & Son, London, are the publishers of *Prices and Wages: An Investigation of the Dynamic Forces in Social Economics*, by Percy Wallis and Albert Wallis.

Appointments and Resignations

Dr. James P. Adams, of the University of Michigan, has been appointed assistant professor in the Brown University economics department.

Mr. Charles W. Alexander has been appointed instructor in accounting and business organization at Tufts College.

Professor C. E. Allred, of the University of Tennessee, will be absent from the university during the first semester of the coming year, doing research work in agricultural economics.

Dr. John B. Andrews, secretary of the American Association for Labor Legislation, conducted a course in labor problems and labor legislation at the summer session of the University of California.

Dr. Ralph E. Badger, of Sheffield Scientific School, Yale, has been appointed assistant professor in the department of economics, Brown University.

Mr. John Burton Baker has been appointed instructor in accounting in the department of economics at the Massachusetts Institute of Technology.

Mr. William Whipple Bennett, has been appointed instructor for the coming year at Princeton University.

Mr. J. Douglas Brown, formerly a fellow in economics at Princeton, has been appointed instructor at that university for the coming year.

Mr. William Burgess of Morris Heights, Pennsylvania, Vice-President and Executive Commissioner of the United States Potters' Association, has been appointed by President Harding a member of the United States Tariff Commission.

Mr. Lawrence W. Conant has been appointed instructor in business management in the department of economics at the Massachusetts Institute of Technology.

Mr. George Darlington has been appointed assistant instructor in accounting in the University of Nebraska.

Mr. George R. Davies, who for the past two years has been assistant professor at Princeton, has accepted a professorship in sociology at the University of North Dakota.

Mr. E. Gaylord Davies, instructor in accounting in the University of Nebraska, has been appointed instructor in the same subject in Columbia University.

Miss Jean S. Davis has been appointed instructor in economics in Vassar College.

Dr. Herbert M. Diamond has been appointed assistant director of the

Wall Street Division of New York University School of Commerce. Dr. Diamond was formerly connected with the State Child Welfare Commission of Connecticut. In addition to his executive work, Dr. Diamond will teach courses in economics and industrial history.

Professor G. S. Dow, of Baylor University, taught in the first summer term at the University of Texas.

Mr. Hugh M. Fletcher has resigned his position as assistant professor at the University of Kansas to become a preceptor in economics at Princeton University.

Miss Evelyn S. Gibson has been appointed assistant in economics at Vassar College.

Mr. M. G. Glaeser, formerly instructor, has now been appointed assistant professor in economics at the University of Wisconsin.

Mr. Everett W. Goodhue has resigned his professorship of economics at Colgate to accept an appointment at Dartmouth College as professor of economics.

Mr. Frank D. Graham, formerly at Dartmouth, is now assistant professor of economics at Princeton University.

Dr. Anton de Haas, who during the past year has been professor of foreign trade in the Graduate School of Business Administration of New York University, on leave of absence from the University of Rotterdam, Holland, has resigned his position at Rotterdam University and has accepted a permanent appointment at New York University.

Professor Max S. Handman, of the University of Texas, spent the summer in Roumania investigating Roumanian economic history.

Mr. Joseph Bradley Hubbard has resigned his position as special expert for the United States Tariff Commission to join the staff of the Harvard Committee on Economic Research.

Mr. J. Hugh Jackson has resigned his position as assistant professor of accounting in the Harvard Graduate School of Business Administration to become director of professional training for Price, Waterhouse & Company, 56 Pine Street, New York City.

Mr. Charles P. Johnson, holder of the Procter fellowship in economics at Princeton for the past year, has been appointed an instructor.

Professor V. S. Lanfear of the University of Texas, has been granted leave of absence for 1921-1922 to pursue graduate work in economics at Columbia.

Dr. Ray W. Leffler, of Dartmouth College, has been appointed assistant professor of political economy in Yale University.

Dean J. E. Le Rossignol, of the University of Nebraska, was on the staff of *The Weekly Review* in New York during the months of July and August.

Dr. H. C. Link is now in charge of the educational and training work of the United States Rubber Company.

Mr. Thomas O. Marvin, who was recently appointed one of the members of the United States Tariff Commission has been made Vice Chairman of the Commission.

Dr. Blaine F. Moore, professor of political science of the University of Kansas, is working for the United States Tariff Commission on problems connected with foreign tariffs.

Professor B. Mukherjee has been appointed as reader in economics in the University of Lucknow. Professor Mukherjee was assistant to the Minto professor of economics in the University of Calcutta from 1914 to 1917, and professor of economics in the Diocesan College for Girls, Calcutta, from 1917 to 1921.

Professor C. T. Murchison has resigned his position as assistant professor of economics in New York University to become associate professor of business economics, University of North Carolina.

Dr. Milton N. Nelson, of the University of Illinois, has been appointed instructor in marketing at the University of Minnesota.

Miss Mabel Newcomer, associate professor in the department of economics, Vassar College, has been granted a year's leave of absence.

Mr. Christopher J. O'Leary, Jr., has resigned his position as instructor in economics at Tufts College to enter business with the American Woolen Company.

Dr. Hervey W. Peck has been appointed associate professor of economics at the University of Vermont. Dr. Peck will have charge of the courses in public finance, private finance and money and banking.

Mr. Selig Perlman, formerly instructor, has now been appointed assistant professor in economics at the University of Wisconsin.

Mr. Harold W. Pike has been appointed assistant instructor in economics in the University of Nebraska.

Mr. Edward Grosvenor Plowman has been appointed instructor in economics at the Massachusetts Institute of Technology.

Professor Ralph L. Power, of Boston University, who has been at the

College of William and Mary this year on leave of absence, has severed connections with both institutions to be with the University of Southern California in Los Angeles.

Dr. Howard H. Preston, associate professor of business finance in the College of Business Administration at the University of Washington, taught in the summer session of the State University of Iowa.

Dr. H. Bruce Price has resigned his position as instructor in political economy at Yale, to accept a position as assistant professor of political economy at the University of Minnesota. Dr. Price has made a special study of agricultural economics, and his work at the University of Minnesota will be in this field, with special attention to the problems of marketing agricultural products.

Mr. John J. Reighard, of the firm of Thompson and Worley, Financial Accountants, has been appointed assistant professor of accounting at the University of Minnesota.

Mr. T. Bruce Roff, assistant professor of economics at the University of Oklahoma, has been made associate professor of economics at the University of Missouri.

Professor G. B. Roorbach, of the Harvard Graduate School of Business Administration, was engaged during the summer months for the United States Tariff Commission on an analysis of imports.

Dr. A. M. Sakolski has become a member of the editorial board of *The Savings Bank Monthly Journal*.

Professor Skinner of the department of foreign trade, College of Business Administration of the University of Washington, left on the tenth of August for Canton Christian College, China. A year's leave of absence from the University of Washington has been granted Professor Skinner in order that he may take the position as head of the department of economics at Canton Christian College. Professor Skinner is certified as a representative of the University of Washington, College of Business Administration; the Chamber of Commerce, Port of Seattle; China Club, and Pacific Ports in the interests of better relations between the Northwest and China. He is taking slides with him and will travel through China in the fulfillment of his interests.

Mr. Earl S. Sparks, formerly assistant at the University of Texas, has been appointed instructor in economics at Tufts College.

Dean Frank T. Stockton, of the University of South Dakota, taught public finance and labor problems during the past summer session at the University of Minnesota.

Professor T. L. Vaughan, of Brown University, taught during the second summer term at the University of Texas.

Mr. Clarence Wiley has been appointed instructor in economics at the University of Texas.

Mr. T. R. Williamson has been appointed assistant professor of economics in the department of economics and sociology at Smith College.

Professor A. B. Wolfe, of the University of Texas, taught in the second summer term of the University of Colorado.

Professor A. J. Wooster, of Tufts College, worked during the summer months for the United States Tariff Commission on the subject of industrial unemployment.

Karl Menger died February 26, 1921.

